

DOUGLAS

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NEWS SUMMARY

GENERAL

Howe's plan for national recovery

A future Tory Government would aim to tilt the balance of power away from the trade unions, cut public spending programmes and re-establish conditions for wealth creation.

This was stated yesterday by Sir Geoffrey Howe, Shadow Chancellor of the Exchequer, when he outlined what he called "a quite different approach" by the party to national recovery.

"They represent no prescription for a miracle cure but a considered programme that will be deliberately and firmly pursued," he said in a letter to his East Surrey constituency chairman. Back Page

Belfast murders

Provisional IRA is thought responsible for the murders of a retired prison officer and his wife in their North Belfast home as part of its campaign to gain political status for jailed terrorists.

Malaria dangers

Malaria is making a comeback in Britain and health authorities around airports and docks are becoming concerned. The number of cases rose from 200 in 1970 to over 1,700 by 1976, and there were seven deaths last year.

In arrests

ECONOMIC people were given a hint of dissent in the statement made by ex-Premier Shafiq's appeal against the death sentence. Page 2

Reservoir dispute

The Government has been asked to adjudicate in a dispute between the Northumbria Water Authority and the Forestry Commission over land ownership around the Kielder Dam, the f15m reservoir project. Page 4

Jumbo jet shot

Police are investigating an incident at Heathrow Airport, in which a shot shattered a Jordanian Airlines jumbo jet window. A guard was said to be checking his pistol when it accidentally went off.

Kampala 'gunfire'

Heavy gunfire was reported in central Kampala. Electricity supplies and radio programmes were interrupted. Ugandan exiles in Nairobi spoke of strong pressure on President Amin from opposition forces.

Andreotti talks

Sig Giulio Andreotti, the Italian Prime Minister who resigned last week, to start preliminary talks with party leaders tomorrow in a bid to form a new Government. Page 2

Briefly

A climber was found dead and three others suffering from injuries and overnight exposure on Mount Snowden.

Illegal fur trappers are selling badger skins to foreign dealers at £40 each says the RSPCA.

Brazilian Grand Prix was won by Jacques Lafitte of France (Ligier), the winner of the Argentine race.

Mrs Winifred Ewing will be Scottish Nationalist candidate for the Highlands and Islands in the European Parliament elections.

The winners of this week's £75,000 and £50,000 Premium Bond prizes both live in Manchester. The numbers: 17VB 591140 and 4MW 777747. Page 35

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Iran decision to cut defence spending is blow to Britain

BY SIMON HENDERSON IN TEHRAN AND PATRICK COCKBURN IN LONDON

Details of a savage pruning of Iranian defence contracts, foreshadowed by the suspension of military orders last week, have emerged in Tehran. The extent of the cancellations, still to be formally announced, will be a major blow to the U.S. and British defence industries.

• BUSINESS confidence has continued to ebb in the past month, the Financial Times survey of business opinion has shown. Many businesses fear that while the long drivers' strike is likely to be too short an event to have lasting impact on business activity, a spate of large wage claims will force the Government to clamp down, which in turn will lead to slower economic growth. Back and Page 40

• NATIONAL Economic Development Council meets on Wednesday when both sides of industry will pledge their support for a further year's work on the Government's industrial strategy.

Contracts for Italian frigates and West German submarines are also believed to be near cancellation.

Britain is scheduled to lose \$2.5bn of contracts and the US \$8bn in orders, according to senior diplomats in Tehran.

The Ministry of Defence in London said it had yet to be formally told of the planned cancellations.

About \$4bn of orders remain but their future now looks uncertain.

Contracts scheduled for cancellation include 160 F-16 fighters from General Dynamics. These were to be delivered by 1980 and the Iranians had previously requested another 140 F-16s. The total contract would have been worth \$2.8bn.

Others are: seven Airborne Warning and Control Systems (AWACS) aircraft from Boeing worth \$1.1bn; twenty F-4 Phantom reconnaissance aircraft from McDonnell Douglas worth \$500m; and a contract with Litton Systems for two Spruce Goose destroyers each worth about \$367m.

British contractors are expected to begin soon in Tehran.

American cancellations are worth more with \$6bn out of a total of \$12bn in outstanding contracts to be cancelled.

About \$4bn of orders remain but their future now looks uncertain.

Talks between Iranian and American officials on cuts have been going on for three months but became very detailed in the last ten days. Mr. Erich von Marbold, a senior defence department official, travelled to Iran for the negotiations.

It is still planned for Bell Helicopters and Grumman aerospace to continue operations and maintenance training programmes, for the army helicopters and the air-force F-14 fighter—but on a reduced scale.

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Given the political uncertainty and the Ayatollah Khomeini's condemnation of foreign advisors even these must be in doubt.

British advisory teams for the task of training marines and serving in the Tehran headquarters are being withdrawn. American advisors are expected to be halved from 1,000 and American defence contract workers reduced by about 75 per cent to 1,250.

Other projects assumed to be cancelled are with Italy for six Lupo-class frigates and with West Germany for six type 209 small submarines.

Hundreds of small contracts

are also being written off are: \$800m deal with Dynamics Group of British Aerospace for Tracked Rapier anti-aircraft missiles; four naval support vessels worth \$120m; a tank workshop at Dorud near Khorramshah worth \$180m; and a contract with Litton Systems for two Spruce Goose destroyers each worth about \$367m.

American contracts expected to go ahead are for the sale of two other Spruce Goose destroyers and two Tang class submarines worth \$18m each when ordered in 1975. One submarine has been delivered and a third was soon to be commissioned but has been cancelled.

Iran will also reduce its orders for Hawk anti-aircraft missiles and Phoenix air-to-air missiles.

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Iran will also reduce its orders

Owen hopeful on Namibia

By David Buchan in Washington

AGREEMENT for a United Nations force to supervise elections leading to independence for Namibia could come by the end of this month. This was the one hopeful note sounded by Dr. David Owen, the British Foreign Secretary, after two days of talks here with Mr. Cyrus Vance, the U.S. Secretary of State, on Southern Africa and other issues.

Both men reiterated their governments' commitment to the Anglo-American plan on Rhodesia, calling for U.N.-supervised elections there following a ceasefire, but conceded in a joint Press statement: "There is no solution or end to the war in sight." After his second day of talks on Saturday, Dr. Owen admitted there was a "sense of despair" about Rhodesia.

However, an early resolution of the Namibian issue could show the warring parties in the Rhodesian conflict that disputes in Southern Africa could be solved by peaceful means, he said. The Foreign Secretary said the main snag holding up agreement on Namibia now was the composition of the U.N. force to be sent there.

Dr. Owen, who breakfasted with a group of senators on his four-day trip to the U.S., made clear the British Government's view that Congress should not lift sanctions on Rhodesia, even after the April 20 elections. Mr. Ian Smith is planning to hold.

Dr. Owen warned that it would be "utter folly" for the U.S. in the wake of the highly successful visit here by Mr. Deng Xiaoping, the Chinese Vice-Premier, to take sides with Peking against Moscow. Detente with a major superpower like the Soviet Union had to continue, he said.

Britain had used its long established contacts with China to urge the Peking Government to open up a dialogue with the Russians, and Dr. Owen suggested the U.S. should use its new diplomatic ties with Peking to do the same.

Sinai oil demand by Israel

Israel must assure continuing oil supply from the Sinai wells before returning them to Egypt, Mr. Samuel Tamir, Israel's Justice Minister, said this week.

President Sadat has already indicated that he is willing to sell oil to Israel, provided that Israel does not demand a status different from that of other customers, L. Daniel writes from Tel Aviv.

Meanwhile, Mr. Menahem Begin, Israel's Premier, reiterated that, while Israel favours autonomy for the West Bank and Gaza Strip, it will not permit an independent Palestinian state.

UNIFIL casualties

Six members of the UN Interim Force in Lebanon (UNIFIL) were killed yesterday, four Norwegians in a helicopter crash and two Poles in fighting with Palestinian guerrillas. Ihsan Hijazi writes from Beirut. The helicopter hit a power cable on its way to pick up casualties from the fighting.

Israeli economic plan

The Israeli Cabinet yesterday began considering an economic programme prepared by the Treasury to reduce this year's inflation rate to 38 per cent from 48.5 per cent in 1978. L. Daniel writes from Jerusalem.

U.S.-Egyptian contacts

Egypt and the U.S. are making "crucial contacts" on a Middle East peace treaty and on increased military co-operation according to the Cairo newspaper Al-Ahram. AP reports from Cairo.

Gulf security talks

Saudi Arabia and Iraq have begun talks in Riyadh on security in the Gulf region. Both countries are worried about instability in Iran, Ihsan Hijazi writes from Beirut.

Basques detained

Three more suspected Spanish Basque militants were detained in France at the weekend. David White writes from Paris. One was deported to Andorra, the others were sent to the Southern Alps region. A 2,500-strong demonstration took place in Bayonne on Saturday, in protest at the detention.

Romanian at Kremlin

Mr. Stefan Andrei, Romania's Foreign Minister, has held a "useful" talk with Soviet leaders according to Pravda, the Soviet party newspaper. David Satter writes from Moscow. There was no indication that Romania or the Soviet Union had altered their positions on foreign policy differences.

Gunfire in Kampala

Heavy gunfire was heard in central Kampala yesterday, and electricity supplies and radio programmes were interrupted, according to Kampala residents. Reuter reports from Nairobi. The residents said on the telephone to Nairobi that they heard shooting and explosions

U.S. rubber workers set to break wage guidelines

By JOHN WYLES IN NEW YORK

THE FIRST declaration of intent to break President Carter's wage guidelines by a union involved in major pay negotiations this year has been made by the United Rubber Workers (URW).

After a meeting at the end of last week of the union's policy-making committee in Atlanta, Georgia, Mr. Peter Bommarito, the president, warned that the union could not accept the 7 per cent pay limit in its negotiations starting soon with the big four tyre companies, Goodyear, Firestone, Goodrich and Uniroyal.

Although the Teamsters and the United Auto Workers, which also have three-year contracts up for renegotiation this year, have expressed no support for the guidelines, they have avoided declaring that their objective is to breach the policy.

However, the URW leadership has less control of its rank-and-file than many other U.S. unions and Mr. Bommarito received a clear message from his local officials that the 55,000

members in the tyre industry aimed to recoup some of the 20 per cent by which their wages have allegedly been driven by inflation over the past three years.

It is too early to forecast a strike, as the tyre industry's contract does not expire until April 24, but the URW has not been slow to call stoppages in the past. The major companies are only now starting to recover from the impact of a four-month strike over the 1976 contract. According to Mr. Harvey Heinrich, tyre industry analyst with Merrill Lynch, their ability to withstand a strike this year is not as strong as it was in 1976.

This could make it far more difficult for the Carter Administration to exert the same kind of pressure which resulted last month in a settlement for oil industry workers, which emerged as a victory for the guidelines.

Unlike the URW, the oil and gas workers' union had virtually no power to disrupt its industry

through strikes. Mr. Bommarito, while stressing that he wished to achieve peaceful settlements, advised the Administration to adopt the approach officially called for by the U.S. trade union movement—statutory pay and price controls.

The URW will be seeking above 7 per cent increases on basic rates, as well as improved cost-of-living adjustment clauses, higher pensions, and up to two years' warning of plant closures. Some observers believe the 1976 strike, which resulted in a 36 per cent increase in wages and benefits, may make it more difficult for the union to repeat its militancy. Mr. Bommarito then came under strong criticism from within the union for his leadership of that dispute, and the bargaining committees in each company are likely to greater autonomy this time. Thus, much depends on the strength of the rank and file, and their readiness to respond to proposals which will probably offer more job security in return for pay restraint.

Editor's killing threatens Ecevit

By METIN MUNIR IN ISTANBUL

MURABE ABDI İPEKÇİ, the newspaper editor gunned down by terrorists last Thursday, was buried here yesterday. The funeral coincides with concern over the killing of Mr. Ecevit. He was also an outspoken opponent of terrorism and made sharp attacks on extremists factions, particularly the right-wing. His death came as a severe shock from which, three days later, Turkey has not recovered.

Mr. İpekçi's murderer has underlined Mr. Ecevit's failure to contain terrorism despite martial law in 13 of the country's 67 provinces.

Thousands turned out for his funeral despite the rain. Mr.

daily Milliyet (Nationality) for the past quarter of a century. Mr. İpekçi upheld social democratic ideas and was a supporter of Mr. Ecevit. He was also an outspoken opponent of terrorism and made sharp attacks on extremists factions, particularly the right-wing. His death came as a severe shock from which, three days later, Turkey has not recovered.

No one has claimed responsibility for the assassination as is usual in Turkey in such events. Some 130 people have been detained by police in raids but no clues appear to have been uncovered as to the identity of the assassins.

Botha faces new attack today

By QUENTIN PEEL IN JOHANNESBURG

THE SOUTH African Government today faces a motion of no confidence with the role of two men who were once the most powerful in the country. Mr. John Vorster, the former Prime Minister and now figurehead State President, and General Hendrik van den Berg, his former spy master—at the heart of the debate.

Although there is no question of the Government being defeated, it could face further embarrassing revelations over the activities of the former Department of Information, which have already caused deep divisions within the ruling National Party and seriously hampered day-to-day administration.

The opposition parties are determined to implicate Mr. Vorster, and if possible Mr. P. W. Botha, the Prime Minister, in the massive misuse of public money blamed on the former

prime minister by the progress of secret information department projects, including the R27m (\$31m) funding of a supposedly independent newspaper (*The Citizen*) to support government policies. But the commission refused to believe his evidence, and found Mr. Vorster "innocent".

So far, the government has accepted the Erasmus commission conclusion that General van den Berg, Dr. Connie Mulder, the former Minister of Information, and Dr. Eschel Rhodius, his former top civil servant, were the main movers of the secret propaganda projects which consumed a total of R6m.

With General van den Berg apparently still intent on clearing his name and Dr. Mulder threatening to hold a Press conference to defend himself since he was forced to resign from Parliament, the Government still faces attack from within its own ranks.

Charter to cut losses on French railways

By DAVID WHITE IN PARIS

A NEW CHARTER has been drawn up between the French Government and the state controlled railway authority, the SNCF. The contract due to be put to the SNCF's Board of Directors later this month, gives the heavily loss-making railway company greater autonomy but at the same time calls for more rigorous management.

The plan is similar to the "company contract" already drawn up with the state airline Air France and with the nationalised coal industry.

It aims at bringing the SNCF's operations into better financial shape and reducing the cost to the Government of covering its losses. But while it involves a reduced level of state interference it makes firm stipulations, especially about maintaining local train services.

The state, which holds 51 per cent of SNCF shares alongside former private sector railway operators, currently compensates the company for keeping fares down and for granting special concessionary rates and makes a large contribution to its pension fund.

The "company contract" will not wipe out these subsidies which take up the lion's share of French subsidies to nationalised industry, but aims to halve the current annual loss of about FFr 4bn (\$940m) by the end of 1982.

The 1979-82 plan lays down the broad outlines of SNCF policy. Its activity is to be increased and the quality of services improved. For instance, trains will be required to be more punctual, comfortable, timetables more convenient, and connections with other modes of transport easier.

The SNCF in return will be granted a large degree of freedom in fixing freight rates and main line passenger fares. Passenger fares will be expected to keep in line with the cost of living.

The company will also be free to adapt its freight and main line network to demand. On loss-making local services however, its liberty to reduce the number of trains or close stations will not be allowed to affect more than 5 per cent of traffic.

The Communists, who effectively brought down the Government last week, insist this Commission of Cabinet Ministers be included in any new Government. This has been flatly rejected by the Christian Democrats and some of the smaller parties.

Bhutto supporters arrested

By CHRIS SHERWELL IN ISLAMABAD

HUNDREDS of supporters of Pakistan's deposed Prime Minister, Mr. Zulfikar Ali Bhutto, have been arrested in the nationwide police swoop launched last Friday night ahead of the supreme court's verdict on his fate.

The arrests, which continued throughout the weekend, are designed to head off trouble after the seven judges hand down their long awaited opinion on Mr. Bhutto's appeal against the death sentence. But many supporters have already gone underground.

Although a date for the judgment had still not been fixed by last night, the arrests

and the fact that lawyers for the two sides are preparing to arrive in Rawalpindi in an incident last July. Dismissal of the case automatically brought into effect a recent high court order releasing Mr. Mumtaz Bhutto and another former minister, Mr. Hafeez Pirzada.

Mr. Mumtaz Bhutto was also acquitted on Saturday on a charge which implicated him in a murder in 1973. He returned at the weekend to the Bhutto stronghold of Larkana in Sind.

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ALGERIAN LNG EXPORTS

U.S. loss is Europe's gain

BY FRANCIS GHILES RECENTLY IN ALGIERS

THE IMPORT of 20ba cubic metres of liquefied natural gas (LNG) to the U.S. from Algeria was recently vetoed by the Department of Energy (DoE) in Washington. El Paso and Tenneco wanted to import 10bn cubic metres each of LNG over 20 years with deliveries due to begin in 1981 and 1982 respectively. The official deadline for final approval by the DoE had expired in December, 1977, and neither the U.S. companies nor the exporter, the Algerian national oil company, Sonatrach, were much surprised by the final outcome.

El Paso, which has so far spent \$5m after tax, mainly on engineering studies, has appealed against the decision but the argument will be a long drawn out affair as U.S. energy policy is currently in a state of flux. Delays over plans to pipe Alaskan gas and the uncertainties over possible deliveries of Mexican supplies coming on top of the increasing use of natural gas in the U.S. could, however, force the DoE to reconsider its veto.

In any event Algeria's export earnings are unlikely to be hard hit by the U.S. veto since the 20ba cubic metres of gas originally earmarked for U.S. customers has already been committed to European buyers. In addition a number of more tentative contracts with European customers are now likely to be firm up. This would seem to vindicate Sonatrach's LNG export policy of recent years when the company has sought to diversify its range of potential customers.

In rejecting the contract Tezneco had drawn up with Sonatrach, Mr. David Bardic, administrator of the Energy Regulatory Administration, was critical of the price escalation clause linking LNG prices to the future world oil prices. He criticised this formula for not offering safeguards to protect U.S. customers from sudden changes in the world price of oil.

This argument is odd for two reasons: Firstly because this is precisely the state of affairs pertaining to U.S. imports of crude oil. Secondly because such a clause has been included

in at least one contract with a U.S. company, Panhandle, whose contract to buy 4.5bn cubic metres of LNG annually from Sonatrach was approved by the Federal Power Commission in 1977.

Both Sonatrach and the U.S. companies with which it has signed contracts in recent years have fought hard to get such a clause approved and feel it is the most logical and fair indexation formula available.

This clause allows for the auto-

Firm contracts for LNG sales abroad amount to about 47ba cubic metres today with a further 11ba on the pipeline. In addition 12.4ba will be exported to ENI via the trans-Mediterranean pipeline currently being built across northern Tunisia and the Straits of Sicily to the Italian mainland. Tunisia and Austria are expected to buy a further 2ba cubic metres each, a figure which could be increased were Tunisia to put off the projected development of its offshore gas field at Misrak.

Possible contracts with various West European customers and Tunisian amount to between 34.50/39bn cubic metres of gas exports.

All these add up to a grand total of firm and probable gas sales of 75bn cubic metres annually, a figure which suggests to observers in the LNG field that the U.S. veto will not unduly harm Algeria's exports earnings.

Natural gas production in the country rose by 70 per cent last year to 14.1bn cubic metres while exports of LNG moved up by 60 per cent to 6.4bn. Production of butane and propane reached 900,000 tons last year, one-third of which was exported. Crude oil and condensate production increased by 7 per cent to 57.2m tons and is expected to top the 58m tons mark this year. Revenue of the hydrocarbons sector increased by \$400m to \$6.2bn. Meanwhile all the current year's production of oil has been sold.

Exploration for oil continues but apparently on a new basis. Until recently contracts between Sonatrach and foreign companies have followed the 50-50 joint venture pattern. A new agreement currently being negotiated with the U.S. subsidiary of Shell could well result in an agreement whereby Shell will finance the exploration work in return for a percentage of the oil production in the event of commercial discovery. This percentage would be flexible, the aim being to provide an appropriate return on investment.

If and when a commercial discovery is made, development of the field would become the responsibility of Sonatrach.

Hard to see what build have been outside. The company to

tors follows ratification of a peace and friendship agreement last October.

Officials of the Japanese Foreign Ministry and the Chinese Embassy have been unable to keep records on the flow of visitors from China because many come without formal Japanese sponsorship.

The Chinese urgently need high technology which advanced countries like Japan have. They want to introduce this kind of technology to China," an official said.

Agencies

SHIPPING REPORT

Gulf tanker rates decline

By Lynton McLain

MORE oil tankers arrived in the Gulf last week with little prospect of finding cargoes ready for shipping.

The disruption of supplies from Iran was the main factor and rates for very large and ultra large crude carriers fell as a result. But the decline in the market for large tankers proved to be of immediate benefit for the owners of smaller tanker tonnage.

Many smaller vessels were able to take advantage of the great increase in demand for tonnage operating out of areas where extra supplies of oil have been available. Smaller vessels continued to gain a substantial rate differential compared with larger tonnage.

E. Gibson Shipbrokers said that it was now obvious that the industry would move into a period where two-tier rate structures would operate.

There were 10 vessels in the Gulf without cargoes last week and more were on their way. Rates for VLCCs for voyages to the west fell to Worldscale 24 and ULCCs accepted rates of below Worldscale 20 to get work.

A 58,000-ton vessel on a voyage to the east was commanded at Worldscale 120.

There was less business out of Indonesia last week but continued heavy demand for tonnage out of West Africa and the Mediterranean. Rates remained firm with no exceptional rises in the rates offered. The Caribbean market was also active.

The Commun

UK NEWS

Rises of 15% 'will put strain on companies'

BY DAVID FREUD

EARNINGS INCREASES of 15 per cent or more will put extreme pressure on the company sector, according to the latest monthly analysis from the London Business School Centre for Economic Forecasting.

"Given Government pressure, the restraint induced by public opinion, and lower demand consequent on the tighter money environment which will result in higher inflation rates, or holding monetary targets, and accepting the short-term consequences for output and unemployment."

The centre says that inflation would probably have increased by now had it not been for the tight monetary policy, and the resulting stability of the exchange rate. An earnings increase of 12 per cent would be consistent with the current financial background.

Panmure Gordon, the City stockbrokers says that the present industrial unrest implies a

higher level of wage rates in both public and private sectors than forecast, but does not necessarily mean that overall earnings will rise by the 15 per cent or so set by the most publicised settlements.

"Given Government pressure, the restraint induced by public opinion, and lower demand consequent on the tighter money environment which will result in higher inflation rates, or holding monetary targets, and accepting the short-term consequences for output and unemployment."

The impact on prices will be tempered by the effect of North Sea oil on the balance of payments, by monetary restraint, and by the lack of pressure on material costs.

This implies inflation for 1979 of 11-13 per cent, assuming some increase in the velocity of money circulation, significantly lower economic growth, and continued Government resolve on monetary control.

CROWN AGENTS TRIBUNAL

Link with convicted financier

BY TERRY OGG

THE ESSENCE of the relationship between Mr. Sidney Finley, financier, and Mr. Bernard Wheatley, former Crown Agents money-market manager was disclosed during cross-examination of Mr. Finley before the Crown Agents tribunal last week.

Mr. Finley was convicted last year of two offences of corruption involving loans totalling £182,725 made to Mr. Wheatley in 1974. Mr. Wheatley died in July, 1977.

Mr. Peter Scott, appearing on behalf of the tribunal, asked Mr. Finley if, during 1975 "the two men became prisoners of one another." "No," replied Mr. Finley.

Mr. Scott said that Mr. Wheatley could not stop lending to Big City. Mr. Finley's finance group, because "if he did the whole pack of cards would come

down. And you could not stop lending to him because that was the price of getting the money from Crown Agents?" asked Mr. Scott. "It was never considered in that context," Mr. Finley replied.

The relationship between Mr. Wheatley and Mr. Finley was first drawn to the tribunal's attention by Mr. Robert Gatehouse, QC, counsel for the tribunal in September last year.

"At the time, no, Sir," Mr. Finley said.

"Or at any time?" asked Mr. Scott. "That is correct, sir," Mr. Finley said.

The tribunal is inquiring into whether there was any breach of duty by officials of certain Government departments, the Bank of England or the Crown Agents in connection with the agent's loss of about £200m in its 1967-74 excursion into secondary banking and property. The hearing will continue this week.

ECONOMISTS GIVE VIEWS ON PUBLIC SPENDING

Government thinking criticised

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE ECONOMIC assumptions behind the Government's public spending plans are criticised as being unrealistic and wrong by several leading City and academic economists in memoranda submitted to an all-party committee of MPs.

The 13 papers — totalling 107 pages — were published last week by the general sub-committee of the expenditure committee, which is holding its annual inquiry into the public spending White Paper.

A report is likely before the end of the month after a low-key session on Wednesday at which Treasury officials were questioned.

The memoranda are generally critical of the Government's thinking and, depending on the viewpoint of the economists, argue that the proposed level of public spending will boost either inflation or unemployment.

Mr. Terry Ward, the sub-committee's specialist adviser from the Department of Applied Economics at Cambridge, draws attention to "substantial improvements in the content of the White Paper" leaving aside the assessment of economic prospects which have been introduced since last year and which make it much easier to identify what changes are and why they have occurred."

Apart from Mr. Ward's memoranda have been submitted by two groups, economists and the building industry. In the first group are Dr. Alan Budd and Mr. Terry Burns of

the London Business School; Mr. R. W. R. Price of the National Institute of Economic and Social Research; Mr. Robert Bacon and Mr. Walter Ellis of Oxford University; Professor Patrick Minford of Liverpool University; the Fabian Society; Mr. Tim Congdon of stockbrokers L. Messel; Mr. Gordon Pepper and Mr. Robert Thomas of stockbrokers W. Greenwell; and Dr. P. M. Jackson, director of the Public Sector Economics Research Centre at Leicester University.

In the second group are the British Road Federation, the National Council of Building Materials Producers, the National Federation of Building Trades Employers and the Federation of Associations of Specialists and Sub-Contractors.

The main criticism of City and other monetarist economists is that the earnings assumptions in the White Paper are unrealistically low and that the relative price effect—the balance between public sector costs and those in the economy as a whole—may be less favourable than suggested by the Government.

Mr. Congdon, for example, notes that the uncertainties caused by the present conflict over public sector pay make the estimates in the White Paper rather hypothetical.

Scaling down

A similar theme is developed by Mr. Bacon and Mr. Ellis. They also argue that the White Paper underestimates the likely level of debt interest payments and of nationalised industry borrowing. They warn that unless the Government attempts some scaling down of programmes, some of the catastrophic errors of 1974-75 will be repeated.

Professor Minford argues that there is a sure, immediate, and long-run benefit of a lower level of public sector borrowing in the form of lower inflation, while there is an uncertain short-run effect on unemployment which could go either way, together with no long-run effect.

A wholly different criticism of the White Paper is put forward by several of the other economists. Mr. Ward, for example, says that a defect is that on indication is given of what the Government believes to be the desirable rate of output growth, let alone of the policy necessary to achieve that growth and of the increase in public spending compatible with bringing it about.

Indeed, the impression is conveyed that the rate of economic expansion is largely outside the Government's control and that budgetary policy, of which public expenditure is part, has been accorded the role of ensuring, so far as possible, the achievement of the overriding objectives of further reducing inflation and repaying foreign debt."

Mr. Ward criticises the Government's refusal to discuss the impact of a faster rate of earnings growth than under official guidelines.

"This makes it virtually

Wage policies 'will not help poor working families'

BY DAVID FREUD

THE connection between low pay and poverty is relatively weak, according to an article in the National Westminster Bank Quarterly Review.

Based on data from the 1975 General Household Survey, the article states that the lowest paid are mostly women, yet the poorest working families are mostly those with only the husband at work and with lots of children at home.

Of workers in the lowest 10 per cent of wages only one in five was in the lowest 10 per cent of family incomes.

The authors, Mr. R. Layard, Mr. D. Plashaw and Mr. M. Stewart, all attached to the London School of Economics Centre for Labour Economics, conclude that wage policies can not therefore provide any comprehensive remedy to poverty.

In each of the years of income policies, 1972-74 and 1975-77, the formula was strongly equalising, yet there were no appreciable reductions in inequality.

While there was no one cause of poverty, most of the poorest families had little or no earnings and social security determined the level at which they lived.

"It may be reasonable that

benefits for those without earnings should be set below incomes in work, but this does not mean that real benefits should not be raised to whatever level society chose.

"Such benefits should also be automatic for both the working and non-working poor to remove the stigma of claiming."

An article on pay policy and labour supply by Mr. John Fallick, of the University of Manchester, points out that almost every type of State intervention in pay determination since 1961 had distorted the pattern of differentials.

Government pay policy had been preoccupied with inflation and had neglected the impact that pay differentials and relativities might have had on labour supply.

Salary differentials were of major importance as aids to recruitment, ensuring that people of adequate calibre were attracted to organisations and as a means of providing incentives to existing management.

There should be a realistic debate on alternative forms of pay policy and State intervention in the hope that the long-term implications were realised before salary structures suffered serious permanent damage, he concludes.

Non-retail shops spread criticised

By Our Consumer Affairs Correspondent

THE NATIONAL Chamber of Trade has criticised the growing penetration of non-retail shops such as banks, job centres, and betting shops, into the high street.

Mr. Leslie Seeney, the chamber's director-general, has written to the Government pointing out retailers' concern in the "deluge" of non-retail shops now being opened.

He said: "There can be no doubt that the proportion of service units in shopping centres is increasing at such a rate as to justify that concern."

Mr. Seeney has asked Mr. Peter Shore, Environment Secretary, to tell local authorities of the harmful effects on trade in shopping centres if too many non-retail shops open.

He also suggests that planning permission given to non-retail businesses should automatically end when the premises are vacated. Some retailers now always oppose planning applications to change the use of an existing shop into a non-retail business because of fears that it may be difficult to reverse the process at a later date.

The Environment Department has agreed to keep the problem in mind when it re-issues guidance notes to local authorities on shopping centres.

IMF head will warn on inflation threat to growth

By PETER RIDDELL, ECONOMICS CORRESPONDENT

the process of current account adjustment and exchange rate stability.

During his visit to London, M. de Larosiere will meet Mr. Denis Healey, the Chancellor of the Exchequer. There is no formal agenda but it is likely that the two will prepare the ground for the meeting next month in Washington of the IMF's interim committee of finance Ministers, of which Mr. Healey is chairman.

Unlike recent years, there are no immediately pressing issues to be decided by the IMF following the increase in its financial resources agreed last year. But there is likely to be discussion of the state of the world economy, in particular the relationship between inflation and growth.

M. de Larosiere and Mr. Gordon Richardson, the Governor of the Bank of England, are the main speakers at the banquet of the Overseas Bankers Club.

Mr. Richardson is expected to discuss international bank lending and its relationship to the related, though currently shelved, proposals for an IMF substitution account for holders of dollars. There will also be the usual review of the world economy.

Statistics will show trend in price rises

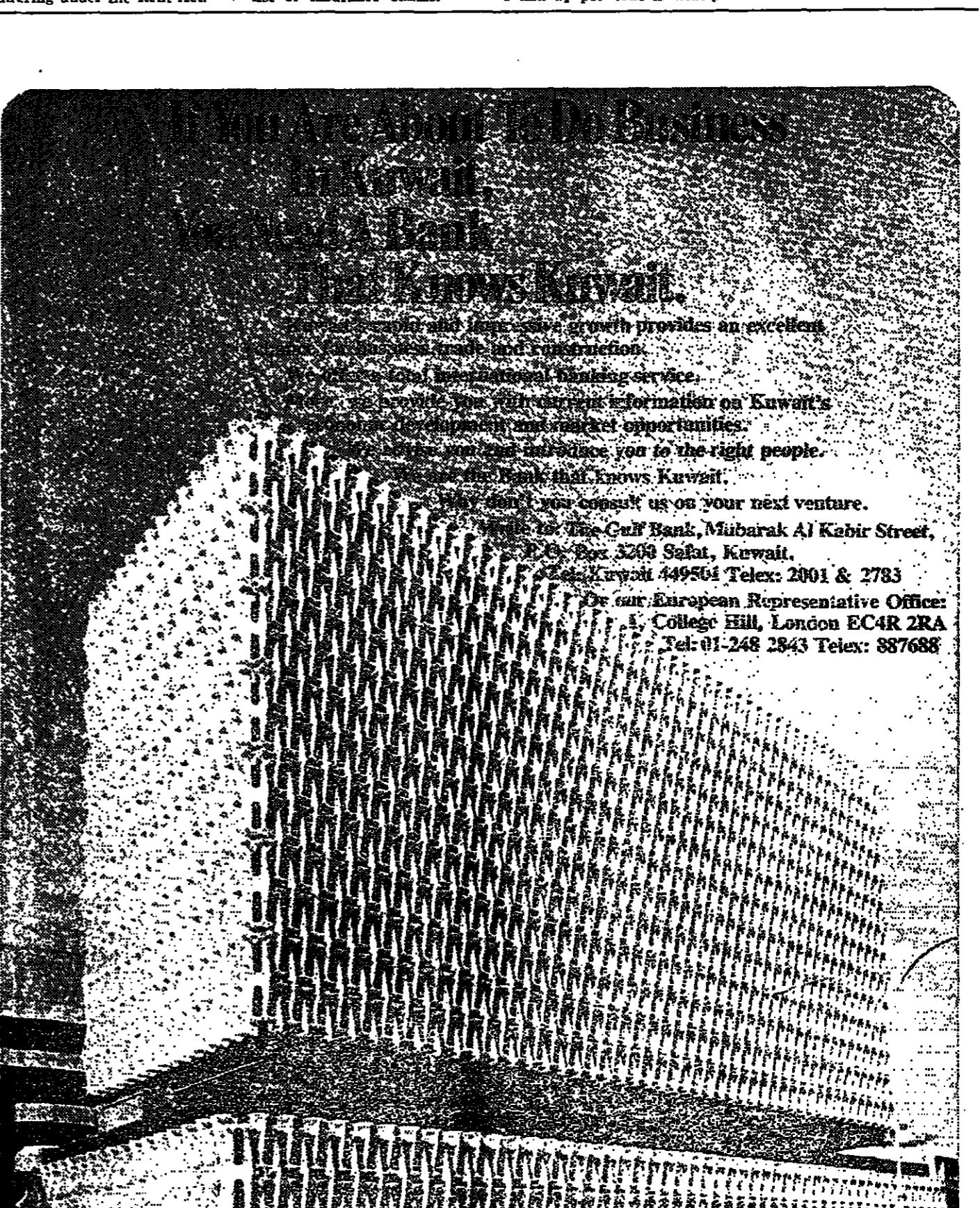
expected by stockbrokers' economists.

Otherwise, the main City attention will be on two key financial indicators—the banking figures for mid-January due tomorrow) and the central Government borrowing requirement for January (due on Friday).

Eligible liabilities, a big component of the money supply, will have been affected by seasonal influences such as the six-month crediting of interest and heavy payments of corporation tax. The widespread industrial disputes may have come too late to influence the mid-January statistics.

Manufacturing industry's raw material costs were boosted significantly last month by the first stage of the rise in oil prices, so that City analysts are projecting increases in this index of between 1 and 1½ per cent in projected in several brokers' circulars.

The seasonal bunching of tax payments is likely to be reflected in a large surplus on central Government transactions last month, possibly of more than £1bn.



GROWTH

We are proud of our trees in Breckland. They grow all over the place. So do the roads which have expanded at selected sites. Breckland in the heart of Norfolk is closely linked to East Coast ports and Northern Agricultural areas.

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Mr. Ward criticises the Government's refusal to discuss the impact of a faster rate of earnings growth than under official guidelines.

"This makes it virtually

impossible to enter into a satisfactory dialogue about economic prospects and the policies being pursued. It is also likely to be associated with the formulation of two sets of economic assessments, one for public consumption and one which corresponds to reality."

Mr. Price, of the National Institute, argues that the budget stance has become more restrictive in the past two years than at any time since the two years after the 1967 devaluation. He criticises the White Paper for not spelling out the drastic nature of the possible rise in unemployment — of 3 per cent to 4½ per cent up to a level of about 9 per cent, or around 2m, in the four years to 1982 on the basis of the more pessimistic of the three official projections. Even the more optimistic assumption offers the prospect of little or no improvement in the employment position.

"Given the excessive burden of taxation which is inhibiting personal initiative and industrial growth, budgetary policy cannot be tightened except by cutting public expenditure."

Mr. Congdon, for example, notes that the uncertainties caused by the present conflict over public sector pay make the estimates in the White Paper rather hypothetical.

The London Business School economists conclude that the plans, together with the official assumption on tax policy, imply a monetary growth rate of about

12-14 per cent a year, while earnings increases are likely to be higher than the 11 per cent rise assumed in the Government's pessimistic case.

Dr. Budd and Mr. Burns argue that if inflation is to be held in single figures, cuts in public expenditure or increases in taxation will be necessary.

From the City, Mr. Pepper and Mr. Greenwell say that the crude belief in some quarters that the way to keep unemployment in check is to boost public expenditure is wrong. In present circumstances, this would be entirely wrong.

"To rely on controlling the money supply as the sole weapon in the battle against inflation would provoke widespread redundancies and major bankruptcies; now that incomes policy has collapsed it is essential to supplement monetary restraint with tighter budgetary policy."

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UK NEWS

Sales drop expected for textile retailers

BY RYHS DAVID, TEXTILES CORRESPONDENT

GFBRTAIN'S RETAILERS of textiles and clothing, who experienced buoyant conditions for much of last year, are now expecting a slackening in sales growth during the next four months, the latest CBI-NEDO textile trends survey reports.

The survey, a three-monthly assessment of confidence at all levels of the textiles pipeline from raw material processors through to the shops, shows that retailers in January achieved higher sales than in October but

no wexpect on balance to be reducing their forward ordering.

The worst performance at retail level is menswear, particularly outer wear, but the survey points out that changes in the trade make it difficult to interpret the significance of this.

Women's and girls' outer wear by contrast report a marked improvement in performance over the past four months and this is expected to continue.

In contrast to the retail sector, textile and clothing manufac-

turers remain optimistic with 14 sectors reporting more confidence about their business compared with four months ago as against seven sectors reporting a decline. Some sectors—notably worsted weaving and spinning—appear, however, to be

Companies generally are also more cautious about export prospects over the next 12 months compared with October, with a marked increase in pessimism in men's shirts and underwear, socks, cotton, and man-made fibre spinning and weaving.

Although about half the sectors report that employment is still falling, there appears to have been some improvement compared with October and a further upturn is expected over the next four months. On balance, the survey notes prospects are expected to be better in end-product sectors than at the earlier processing stages.

It also points out that while orders and sales are still the most important factor limiting output, there has been a marked increase in the importance of skilled labour shortages as a

"I am aware that only a small percentage of the business world will join in the first experiment but I shall invite them to send me their reactions. This could eventually make the bowler an endangered species."

Mr. Shah is head of London Casualwear Manufacturers' Second Image.

Trends in Textiles and Clothing: CBI, 21, Tothill Street, London SW1H 9LP.

Bid to coax out 'rebels' from beneath bowlers

BUSINESSMEN are being urged to leave their pin-stripe suits and formal shirts and ties at home for just one day next month, and go to work in jeans and sweaters.

A clothes manufacturer wants them to do this to prove that everyone works better in casual clothes.

Mr. Raj Shah, who wears slacks and a sweater for business meetings, said March 21—the first day of spring—should be a day of informality at the office, even at the risk of offending the boss.

Steel foundry industry protest at sharp price rise for scrap

BY OUR SHEFFIELD CORRESPONDENT

A SHARP rise in the market price of ferrous scrap has brought protests from the steel foundry industry. The scrap price rises—up to £1 per tonne in certain grades—could mean price increases across a wide range of industrial products, a spokesman warned.

The increases, which became apparent at the week-end, come after rises of up to £1 per tonne a month ago. The British Steel Corporation is the dominant market power in the scrap trade, and merchants say the new prices almost certainly reflect a Corporation decision to pay more for its scrap.

A spokesman for the Steel

Castings Research and Trade Association in Sheffield said steel foundries were alarmed at the new increases. They could not avoid paying them, yet they did not add at all to the industry's productivity.

The new rates would not mean profit windfalls for merchants, he emphasised. Because of the lorry drivers' strike, and widespread picketing, both collection and deliveries from scrap yards had been affected.

MERCHANTS would soon have to replenish present stocks and pay higher rates to scrap producers in industry. Such producers, including the Government, would be the main beneficiaries of the sharp price increases.

He thought the increases reflected the catching up of UK

prices with those in other markets particularly the U.S. and Germany. There was also brisk demand for scrap in Europe.

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Four co-operatives were established last year at Ness (popula-

Daihatsu plans for 8,000 car sales will cause concern

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

AN AMBITIOUS plan to launch Daihatsu cars in the UK later this year is bound to cause concern among rival importers of Japanese cars and attract the interest of the Department of Trade.

Tozer Kemsley and Millbourne, the London-based international trading and finance group, will distribute the Daihatsu cars and Mr. Jonathan Steff, chairman of its automotive division, said: "We hope to sell 7,000 to 8,000 in the first year."

There is some confusion surrounding the state of Anglo-Japanese agreements about cars. At the end of last year the Japanese manufacturers said they would take a "prudent" approach to the UK market.

This is understood to mean that shipments will be restricted to some extent.

But this year Suzuki as well as Daihatsu will be entering the car market for the first time. The Heron Motor group will be selling a limited number of four-wheel-drive "leisure" vehicles and light vans from Suzuki.

Mr. Steff commented: "The Japanese manufacturers are responsible people and will no doubt hold back from taking the share of the UK market they

could achieve. But within the overall level there will be competition."

Daihatsu is near the bottom of the Japanese car-producing groups in volume terms with a 1977 output of 82,601. However, it also produced 236,000 commercial vehicles that year.

TKM will initially concentrate on selling the 1,000 cc Chirade saloon. The car is currently in tests and should be launched in October.

Next year TKM will lose its lucrative franchise in the UK for the West German BMW cars and motor-cycles and the Daihatsu launch is part of its plan to compensate for this loss.

TKM also has a major shareholding in the company which distributes Mazda cars made by Toyo Kogyo, Japan's third largest car maker, and which was the only concern to hold sales to the 1977 level last year.

In 1979, however, Mazda launches the Montrose range which will challenge Ford's Cortina and Vauxhall's Cavalier in the medium-sized 1,600 cc and 2,000 cc sector of the market.

The importers believe the Montrose range, to go on sale in the UK next month, will eventually account for half Mazda's British sales.

British Airways orders

By Michael Donne, Aerospace Correspondent

BRITISH AIRWAYS has ordered another two Lockheed Tristar airliners, worth more than £50m including spares. They will use Rolls-Royce RB-211 Dash 32B engines, and that company's share of the deal will be about £15m.

The latest order brings to 17 the number of TriStars on order for British Airways (of which nine have been delivered), with another six on option, giving the airline an eventual fleet of 23.

The two latest aircraft are Tristar-200s, for delivery in March next year. They will be used initially on routes to and from the Gulf.

Later, they may be deployed on the shorter European routes where the engines will be run at lower power because of the lower operating weight of the aircraft on shorter sectors. This will prolong engine life and save on maintenance costs.

Farmers reject milk tax plan

DEVON FARMERS have called on the Minister of Agriculture to veto the Common Market's proposed 10 per cent tax on milk which, they say, would slash dairy farm profits by up to 70 per cent.

The county National Farmers' Union executive committee has recommended to the Milk Marketing Board that it should not collect the levy if it is imposed.

Study plan for council stakes in companies

By PAUL TAYLOR

THE LABOUR PARTY national executive committee and the Department of Industry are to be asked to study proposals which would give local authorities specific powers to provide risk capital and take stakes in small private companies.

The controversial proposals for enhancing the economic planning role of local councils were made yesterday in a working group paper on municipal enterprise presented to the Labour Party Local Government Conference in Newcastle.

The paper was prepared by Mr. Richard Minns and Jennie Thornley, researchers at the Independent Centre for Environmental Studies.

Following discussion of the proposals Mr. Leslie Hockfield, Parliamentary Secretary at the Department of Industry, said he would "without commitment" take the proposals to the Labour Party NEC and to his department for study.

Mr. Minns told Labour Party councillors that his proposals would provide an important source of development capital, venture capital and working capital for assisting small firms and stimulating the development of local industry.

The existing economic planning role of the local authorities could complement the role

at national and regional level of the National Enterprise Board and other bodies in Britain's industrial strategy.

He said enabling local authorities to provide risk capital and take minority or majority stakes in small private companies could assist in making some small companies viable. He suggested that between £200m and £250m could be made available by a levy on the rates for assisting small local companies in this way.

Mr. Minns said existing local authority powers in specific areas to make grants and loans to industry, or to provide sites and services for industry, were unsatisfactory. He suggested that local authorities, in taking a stake in a small company, could provide a useful "pump priming operation."

While a few local authorities had found provisions in existing legislation enabling them to take equity stakes in companies, Mr. Minns called on the Government to provide local authorities with specific powers through new legislation.

Local authorities could then set up Municipal Enterprise Boards — like mini-national enterprise boards — to oversee local council investments, while it was suggested the Government should set up machinery to co-ordinate industrial policy at central and local level.

Land dispute referred to Government

FINANCIAL TIMES REPORTER

THE GOVERNMENT has been asked to adjudicate in a dispute between the Northumbrian Water Authority and the Forestry Commission over land ownership around the Kielder Dam—Europe's biggest reservoir project.

The water authority, which is due to complete a £15m scheme by 1981 is anxious to acquire a further 2,700 acres around the perimeter of the reservoir mainly to provide recreational facilities.

The authority claims that it must have unrestricted operational freedom around the reservoir to manage it and

refusal from the Forestry Commission which maintains the Kielder forest where the dam lies, and as it is Crown land the water authority is unable to use compulsory purchase.

The dispute has now been referred to two Government Ministers: Mr. Peter Shore, Environment Secretary and Mr. John Sutkin, Agriculture Minister, and the water authority is also seeking the support of regional MPs.

The authority claims that it must have unrestricted operational freedom around the reservoir to manage it and

check on safety. At the same time, it is under statutory obligation to provide recreational facilities on the reservoir and requires land on the lake side for these to be carried out.

The Forestry Commission recreational interests are self-imposed and not required by law as ours. Also any recreation we undertake is eligible for grants both from UK sources and from the EEC but this does not apply to Forestry Commission development," says Sir Ralph Carr-Ellison, Northumbrian water chairman.

A new company in German energy

Restructuring at VEBA. The oil and chemical sectors of the VEBA Group have been restructured. The chemical activities are now concentrated with Chemische Werke Hüls (Hüls), while the Group's oil activities will be handled by VEBA OEL (formerly VEBA-CHEMIE).

Fully integrated oil company. VEBA OEL is now fully responsible for the entire petroleum sector of the VEBA Group, from the search for crude oil and processing, to the supply to end-users. Exploration and production of crude oil around the globe are the functions of DEMINEX – Deutsche Erdölviersorgungsgesellschaft (Group participation: 54%). Our refineries process 16–17 million tons of crude annually. VEBA OEL has a large capacity for conversion and at the same time a highly competitive petrochemical sector.

The products of VEBA OEL are sold by the Group's trading company RAAB-KARCHER and ARAL, Germany's largest gasoline distribution network (participation: 56%).

VEBA OEL. This new corporation encompasses a group of companies with close to 20,000 employees and a turnover of around DM 13 billion – a group of companies with decades of experience in the field of mineral oil.



VEBA OEL AG
Pawikerstrasse 30, D-4660 Gelsenkirchen-Buer



UK NEWS

More employers give health insurance

BY ERIC SHORT

MORE EMPLOYERS are providing health insurance for their employees, despite the restrictions imposed by pay policy.

Figures for 1978 released by the three leading provident associations — British United Provident Association, Private Patients Plan and, Western Provident Association — which account for 98 per cent of the medical insurance market show a membership rise of 11 per cent.

There are now nearly 650,000 subscribers in group health schemes, where the employer pays most or all of the contribution. Since under many schemes the benefits also cover the employee's family, then about 2m people have health insurance under company schemes.

This growth has been achieved despite the pay policy restrictions which have always insisted that health insurance

CHANGE ON YEAR		
individual Group	Total	
BUPA	+4235	+40,468
PPP	+285	+14,237
WPA	+1263	+8,497
Total	-2,687	+62,402
		+60,715

contributions should be included in the pay limits. It was sick pay schemes that had been excluded. But since the ending of Phase Two of the pay policy in August 1977, there has been a growing interest from companies in establishing health insurance schemes.

It appears the current problems within the National Health Service have encouraged this trend of employers providing health insurance as a fringe benefit although associations are unable to provide any figures to support this.

The other significant feature in the 1978 figures showed that

in the second half of the year, the decline in individual membership came to a halt.

Almost certainly the troubles in the health service are making people take another look at private sector medicine and take out the insurance to meet the cost.

Two of the three associations, PPP and WPA, recorded increased individual membership over the year. WPA by 10 per cent. However, BUPA, the largest of the three, had a fall in this area of 12.5 per cent, although almost all of this drop occurred in the first half of the year.

The net result of the associations combined was a drop of 0.56 per cent in individual membership during 1978, but a rise of a similar amount over the second half of the year.

All three associations expect that more employers will follow the trend of setting up group health insurance schemes as part of the fringe benefit package for employees. They are also more optimistic for the first time in years, that the individual market will start expanding again. After all, it was to provide the necessary insurance facilities for individuals that the associations were first established.

Tory boundary law 'put Labour ahead'

THE CONSERVATIVES harmed themselves in 1958 with legislation changing the arrangements for dealing with Parliamentary boundaries, a Conservative political pamphlet published yesterday claims.

Mr. Ian Clarke, a consultant statistician and former Conservative candidate, says in his pamphlet, The Great Boundaries Scandal, that the then Conservative Government gave the Labour Party a built-in electoral advantage. In return, Conservative MPs who did not want their safe seats redistributed had a slightly more comfortable life.

It could be argued that this affected the results of the 1964 and the two 1974 elections, Mr. Clarke says.

The change of rules meant that constituency boundaries were almost always out of date. This was because of the increase in time between reviews of boundaries—usually between 10 and 15 years.

The next General Election would be fought on boundaries already 15 years old. This meant that about 70 con-

stituencies were more than 25 per cent larger than average and 51 were more than 25 per cent smaller because of rapid population changes.

Newcastle Central, with just over 23,000 electors, was at one extreme and Basildon, with just over 102,000 electors, was at the other.

This movement of electors had almost always been out of town centres and into the suburbs and countryside.

Overall, the Greater London area and the Metropolitan counties were over-represented by 23 seats, while the shire counties were under-represented by 21 seats.

Most of the overrepresentation was in the urban seats of old city centres—Inner London, nine seats, Manchester, Liverpool and Birmingham, two seats each, Sheffield, Gateshead and Newcastle, one seat each.

The damage for the Conservatives, stemmed from the fact that over-represented inner city areas tended to be Labour, and under-represented suburban and semi-rural areas tended to be Conservative.

Molybdenum demand raises steel prices

BY OUR COMMODITIES EDITOR

THE PRICE of molybdenum, which went up by more than 20 per cent last year as a result of consumption exceeding supply and reducing stocks to a low level, is the main factor behind British Steel's announcement of increased prices for special steel. It has been one of the few metals in the last four years which has remained in strong demand with prices advancing steadily.

The main reason is the heavy demand for molybdenum for the large-diameter steel pipe used in oil and gas pipelines. Sometimes known as the "space age" metal, moly provides extra durability and acts as a corrosion inhibitor, making it ideal for use in pipelines where repair work, including cracking joints, can be extremely expensive.

Steel pipe manufacturers have, therefore, been prepared to pay increasingly higher prices for moly which, in many uses, cannot be substituted satisfactorily. This demand, which has proved much greater than expected, has come at a time when output has been hit by cuts in copper production, since about a third of world moly output normally comes as a by-product of copper.

Most primary moly production is concentrated in North America, and dominated by Climax, part of the Amex group. Canada and Chile are the two other main producers.

Climax, which has built up a demand for moly over the years, keeps a tight control over prices and supplies. But in recent years, in spite of sizeable expansion in output, notably at Climax's giant Henderson mine in Colorado, supplies have failed to keep up with the increases in demand.

Surplus stocks, previously held by Climax have been run down.

Bad weather has forced the company to cut its February/March shipments to its U.S. customers by 15 per cent because of the shortage.

There is little relief from the free market outside the main Western producers. Prices there are three times higher than the official producer quotations and supplies are extremely scarce.

The last Climax increase on December 29 raised its price for ferrite to about \$15 a kilo, while the free market quotation is between \$22 and \$23.

Union chief spells out fourth TV channel policy

THERE ARE wide differences in the views of the Government and a union on how a fourth television channel should be run.

Mr. Alan Sapper, general secretary of the Association of Cinematograph Television and Allied Technicians said: "We would use our total industrial strength to oppose the establishment of an Open Broadcasting Authority without the required safeguards which we would lay down."

The Government and the Amman Committee on the future of broadcasting recommended that the fourth channel should have few permanent staff, no studio facilities of its own and

its programmes supplied by independent producers and ITV companies.

Mr. Sapper, speaking on London Weekend Television last night, spelled out a policy which runs against these recommendations.

The conditions to be insisted on by the union, which represents about 18,500 television and film technicians, include permanent employment for workers involved, union recognition and a minimum level of 82 per cent of British original programming.

The union also wants independently made programmes to make up only a minority of the total programmes broadcast.

Job help for youngsters urged

LOCAL AUTHORITIES were urged by the Government yesterday to do more to help "rough-and-tumble" youngsters find work.

"The brightest and best get work. The problem is one of finding work for our rough-and-tumble youngsters."

The Manpower Services Commission was committed to finding jobs for "educationally subnormal and youngsters with no qualifications." To deny them

a chance was social vandalism.

LABOUR

Call to strike at BL Cars expected today

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

SENIOR shop stewards at BL Cars are expected to vote by a clear majority in Coventry today for a total strike by the 100,000 manual workers from Friday.

Management last night appealed to be pinned hopes on the idea that employees, fearful of the consequences for the company, would not give whole-hearted support for the strike call.

The unions say that the company has never given clear figures of the productivity achievements necessary to trigger parity payments. They claim that the agreement to 7,000 redundancies in recent weeks is sufficient price.

For many of the 20,000 workers at a low-paid plant like Longbridge, Birmingham, the company's stand means the loss of up to £14 a week.

Some sectors of management believe loyalties will be divided at Cowley, Oxford, with about 14,000 workers. Although wages are relatively low, there are fears that action could impair the company's ability to fund the new medium-range car crucial to the plant's long-term viability.

Management is expected to make a direct approach to the BL workforce, pointing out the implications for employment of any dispute.

Plea for new exam system

Financial Times Reporter

URGENT Government action is set an early date for the introduction of a common system of school examinations at 16-plus is being called for by the National Union of Teachers.

In a policy statement issued today, the NUT argues that the dual system of GCE and CSE examinations should be replaced. It urges that the machinery for central co-ordination of the new system should be within the Schools Council, and should take the form of a larger examinations committee.

The union considered that national criteria for syllabuses and examinations would provide an opportunity to improve standards. It would also ensure comparable standards between boards.

The union also endorses the recommendations of the Waddell Report. This says that the administrative structure for the new examination system should comprise groups with at least one GCE and one CSE board. A group should also be identified with a particular area of the country, and "appropriate interests" should be represented on the senior body of a group.

Management is expected to make a direct approach to the BL workforce, pointing out the implications for employment of any dispute.

Because the tribunal is unlikely to have to repeat the fact-finding field trips which delayed publication of its report last year until five months after the hearing, a speedier finding is expected this year.

Some union officials involved thought the fact that Lord McCarthy, lecturer in industrial relations at Nuffield College, Oxford, who is chairman of the tribunal, and the panel's two

Tribunal will try again to settle rail pay dispute

BY PHILIP BASSETT, LABOUR STAFF

BRITISH RAIL'S independent national staff tribunal will meet next week in a second attempt to find a settlement to a productivity dispute which led last month to a series of national strikes by members of ASLEF the train drivers' union.

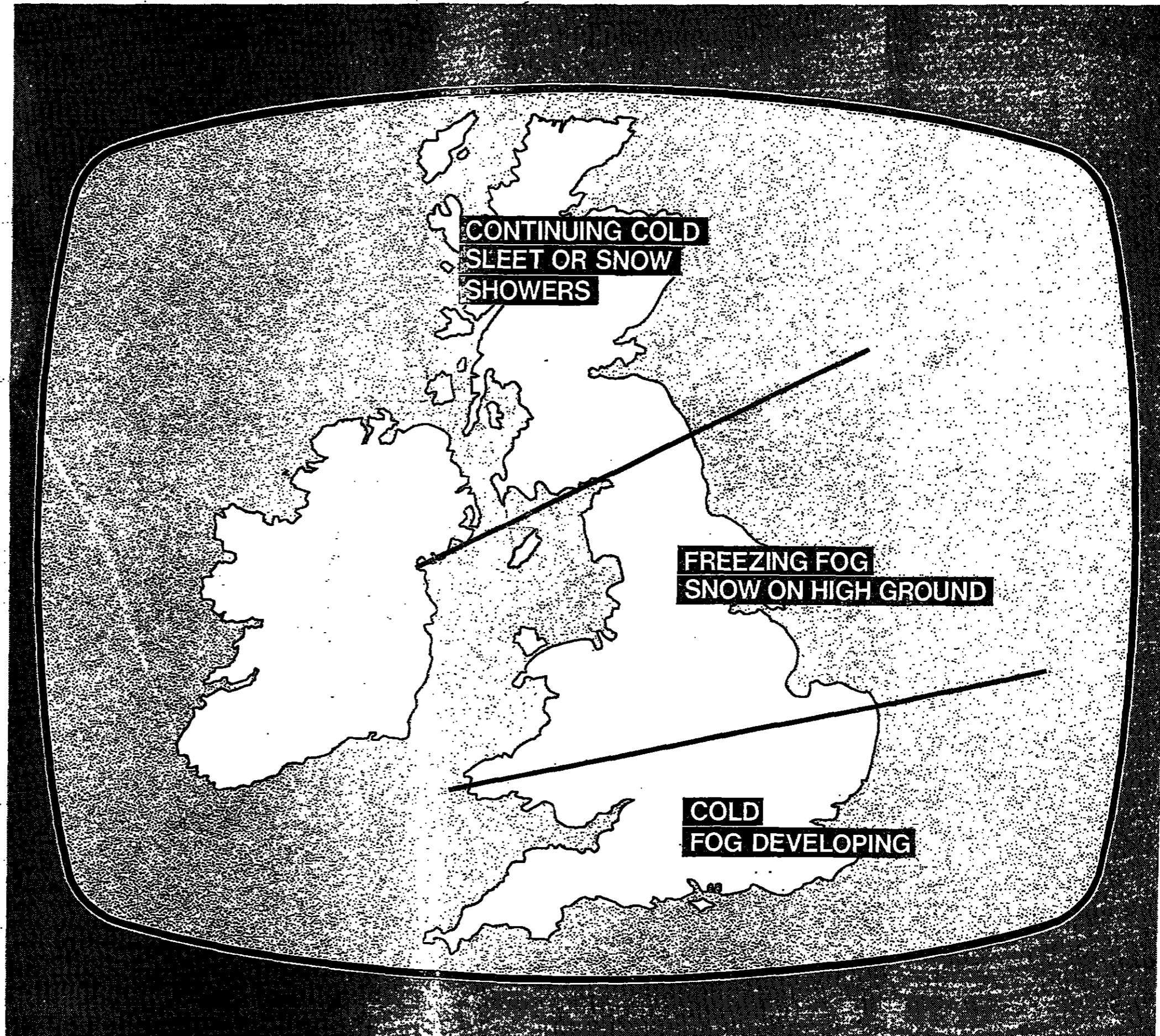
British Rail is seeking to amalgamate the immediate problem, which is over the train drivers' claim for 10 per cent special responsibility payments, with its long-standing ambition to achieve staffing cuts and with this year's annual wage settlement.

The unions will meet the British Railways Board for resumed pay negotiations late this week or early next week.

British Rail has offered 5 per cent in response to the unions' claims for substantial increases, although the National Union of Railwaysmen says that the offer could mean up to 8.7 per cent.

All three unions will be unlikely to settle for anything other than the public sector "going rate," which some have estimated at 13 per cent.

The Transport Salaried Staffs Association, which represents about 48,000 British Rail white-collar workers, had to cancel a special conference on pay yesterday because of industrial action in the public services dispute.



Just the weather for a trip by train.

When the Weather Forecast looks like this, you know what can happen. Chaos on the motorways, delays at airports. If you've got to be somewhere, whatever the weather, there's only one way to go. Inter-City.

And not only because it'll get you there. But because of the way it gets you there.

Quickly. In comfort. With

room to stretch your legs when you feel like it. The space and relaxed atmosphere to prepare for the day's business — or even get half of it done before you arrive. And often the opportunity for a meal or a drink as you go.

So if you have to be miles away for a meeting when you'd rather not go out at all, just travel Inter-City. And relax.

Inter-City
Have a good trip!

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

CONSTRUCTION



This portable compressor weighs only 85 lb and yet can deliver 12 cubic feet per minute of air at 100 psi. UK builders, Powerlite, assert that it weighs only a third as much as its nearest competitor. Powerlite operates from APE Works, Redditch Way, Horsham, West Sussex RH13 5QN. 0403 2227.

Low upkeep generators

THERE are seven models—offering a choice of handle, electric or automatic mains-failure starting—in range of low output diesel generating sets introduced by Elico Power Plant, Spencers Road, Bradford, Yorks BD7 2LF (Bradford 73554).

Supplied as a complete package, the sets come with exhaust silencer, fuel tank, oil and air filters and flexibly mounted control panel with

voltmeter, ammeters, fuses, circuit breakers and all internal wiring.

Automatic start sets include a mains failure panel, electric start facility and long running fuel tank.

They are designed for minimum maintenance, says the company, and for mobile power situations, an optional robust site trolley offers easy manoeuvrability.

Until now the British com-

No-maintenance windows

FOR OVER 20 years plastic window frames have been included in the refurbishment or new construction of Continental homes. Their use in the UK, however, has to date been a rarity.

Aluminium and steel-framed windows, with the now "obligatory" double-glazing, appear to have taken over the market here, because householders seem to prefer the benefits of long-life and minimal maintenance of these materials to the traditional alternative of soft wood with wooden sub-frames.

The present trend of metal and iron-based frames does, however, suggest a number of problems. Condensation is the main bugbear, and, at some time, re-painting may be necessary. These materials also can-

not be considered for period properties—and a surprising number of local authority action areas contain homes which come into this category.

The ideal solution would seem to be something which looks like wood, yet appears very unlike metal, will defy maintenance costs and the need to paint or replace.

Prolene is the name of the game, and is the pre-product used for replacement window frames, says Banbury Buildings (part of London Brick Buildings), Banbury House, Royal Leamington Spa, Warwickshire CV32 4JA (0926 27131).

Much of the development work into perfecting this material has been carried out in conjunction with Ires Spa of Italy, whose products are established in the

UK and abroad.

It is the low cost of Prolene

which makes it attractive to

householders, and its

durability and resistance to

weathering make it suitable

for both the low and high

temperature insulation markets.

The company also has a plant in Holland and already exports about 40 per cent of its UK production.

Coilag is a PO Box 3, Charles-Charlestown, Glossop, Derbyshire (Glossop 61611).

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company, and is the pre-

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“Have you heard the one about the farmer who needed a combine harvester, and the bank manager who only bought him the back wheels?”



There was this combine harvester, you see. And this farmer who saw it at an agricultural show and wanted to have one. Only trouble was, the combine harvester was so big, it could handle a farm three times as big as his. Still, he went to his bank manager and said, “Bank manager, I want a great new combine harvester, but it's so big, it could handle a farm three times as big as mine.” So the bank manager thinks hard and says, “I've got this good idea! Why not just buy a third of it?”

A third of a combine harvester! What a joke, eh? Don't you think?

Well, you're wrong. Because with a Midland Bank manager, you should begin to expect the unexpected. For instance, a Midland manager can offer farmers a special scheme, called the Agricultural Machinery Syndicate Loan Scheme, which allows farmers who form groups to acquire important new machinery.

have bought a third of his beloved machine. Which isn't funny, but it's pretty useful.

Your Midland manager has at his disposal a range of specialist services which can, between them, help to answer your business problems. So that you can often improve your efficiency without crippling capital costs.

Start thinking of your Midland manager and his team as the people to deal with your business needs. Because, thanks to teamwork, you can expect us to come up with a lot of ideas you'd never expect.

You can expect the unexpected from Midland teamwork



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Midland Bank Limited

Please send your free leaflet(s), ‘Agricultural Machinery Syndicate Loan Scheme’ <input type="checkbox"/> ‘20-year Farm Purchase Loan Scheme’ <input type="checkbox"/> and/or your free booklet, Financial Services for Proprietors of the Smaller Business’ <input type="checkbox"/>
Name _____
Address _____

FT5.2
Send to: Midland Bank Limited Room 25, PO Box 2, Sheffield S1 3GG

Building and Civil Engineering

U.K. plans Abu Dhabi airport

BRITAIN has won a prestige contract to design a new £86m international airport for the Middle East state of Abu Dhabi, to project manage its construction and to advise on its final "modus operandi" when completed in four years' time.

Commissioned for this work is an eight-firm team of consultants — led by consulting engineers Scott Wilson Kirkpatrick and Partners of Basingstoke, Hampshire — which has now started the initial study for the new airport to be located near the oasis town of Al Ain, 100 miles east of the Emirate capital.

The contract was placed in the UK by Abu Dhabi's Department of Public Works following evaluation of a number of alternative proposals from consultants in seven countries.

Subject to the study is the

selection of a suitable site which, when approved by Government, will be followed by the detailed design for the complete airport. Tenders for construction are expected to be invited next year. The airport should be operational by the end of 1982.

Because the facility will be situated in a desert terrain, the British consultant team is having to tackle the unusual problem of stabilising surrounding sand dunes to avoid drifting on to reclaimed land. Tree planting and related irrigation will play an important role in the solution to this problem.

The team, headed by SWK, includes Murray Ward and Partners (architects), G. H. Buckle and Partners (services engineers), Northcroft, Neighbour and Nicholson (quantity surveyors), T. W. Welch and

Laing eyes on Amman airport

GENERAL Enterprises Company (GENECO) has awarded to John Laing International a second management services contract for work at Jordan's new Queen Alia International Airport, near Amman.

The new work is valued at £21.5m and is for part of the heavy civil development, which includes main runways, aprons, parking areas, access and service roads, together with all services. Completion is due by August 1980.

The first Laing management services contract for Geneco at Queen Alia International Airport is for the £53m main terminal building, on which work started in September, 1978. Designed capacity of the airport is 2.6m passengers a year by 1985, building up to 6m passengers annually by the year 2000.

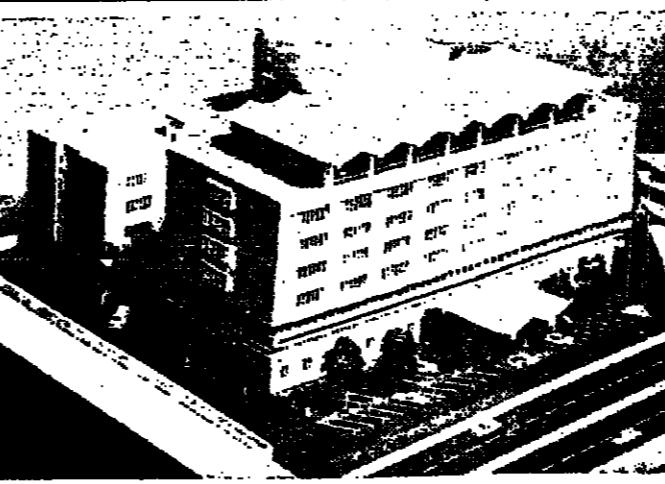
Main contractors for the airport to the Ministry of Transport of the Jordan Government are Geneco, of American Designers and Tippetts-Abbot-McCarthy-Stout (TAMS) of New York, and the consulting engineers for the Government are Dar Al-Hanash, Shair and Partners of Beirut, in joint venture with Sir Frederick Snow International of London.

At home Laing is to be involved in the construction of homes for up to 674 people under a £2m contract for Washington Development Corporation.

Work is expected to start in March with completion in two years' time.

There will be 147 dwellings comprising one, two, and three-storey houses with blockwork walls throughout, and rendered with colour finish.

Range of survey equipment on vessel includes fully auto-



Haiste and Partners are playing a major part in the design and erection of this £13m building complex in Tripoli. National Consulting Bureau of Libya has appointed Haiste to provide overall design and associated services. The building is for the Ministry of Planning. Haiste is working in association with architects Richard Shepherd, Robson and Partners (Overseas).

Tilbury in the West

WORK AWARDED to the three western offices of Tilbury Construction, based in Radstock, Newton Abbot and Penarth, totals over £1m.

A contract valued at £355,000 from Inter County Express of Ramsbottom is for a warehouse, vehicle maintenance workshop and two-storey office block at Pontyclun, Llantrisant, mid-Glamorgan.

British Gas has instructed the company to proceed with contract 2 of its Southern Gas project at Hilssea, Portsmouth; in

respect of a reversible liquid natural gas plant. The contract, in excess of £300,000, involves excavations and construction of reinforced concrete pits and foundations.

Construction will soon begin for the Blue Bell Pumping Station and rising main at Exeter for East Devon District Council under a £298,000 contract.

Other work includes a warehouse extension, sewer reconstruction, alterations to existing buildings and an operational depot.

Cladding is easy to apply

WHERE A building is situated in a remote area, and the cost of transporting necessary labour may be prohibitive, a company can supply a pre-fabricated fire-clad system which is rapidly applied.

Following site surveys and completion of drawings, a range of casings is made available for the commonly used column sections or beams to be cladded. Average length of column to suspended ceiling height is 2,700mm to 3,000mm—longer lengths for staircases or banking halls may be accommodated by special joint details.

Asbestos-free Alphire mineral wool board [to BS478 part 8] is used in the galvanised sheet steel casing system called Al-line, and it is supplied in pvc coated steel or painting grade ready for final decoration.

More from Morceau Fire Protection, Morceau House, Brookhill Road, Wharf Road Industrial Estate, Plaxton, Notts NG16 6LE (0773-812505).

ESPLEY-TYAS CONSTRUCTION GROUP

P.O. Box No. 6, Park Hall, Safford Prior, Evesham, Worcestershire Tel. Bidford-on-Avon 3721 (20 lines) STD 0176 9881721

McAlpine's £6m award

CIN Properties has placed a £6m contract with Sir Robert McAlpine and Sons for the construction of a large covered shopping complex in the town centre of Chesterfield.

Some 25,000 sq metres of floor space will be provided in a building measuring 180 metres by 72 metres on plan. Excavations on the 11-hectare site will involve the removal of 35,000 cubic metres of spoil to a depth of 6 metres.

The design by architects Elsom Pack Roberts Partnership blends no fewer than 16 ancient buildings within the confines of the site into the new structures.

Irrigation schemes

DEPARTMENT OF Irrigation, Government of Nepal, has appointed Sir M. MacDonald and Partners, consulting engineers of Cambridge, to undertake design and supervision of construction of the Sunarsi-Morang irrigation project.

Purpose of the project is to rehabilitate an existing irrigation system and to construct additional works and improvements to ensure efficient operation and effective maintenance. It will include restoration and improvement of the Chatra main canal and associated structures; improvements including additions to the water distribution system in an area of 60,000 hectares; planning and design of a complete minor canal and drain system to feed 10 hectare units in an 18,000 hectare priority area; and the provision of priority drainage for 3,000 hectares of low lying land.

The Chatra Main Canal was built some years ago to supply irrigation to 60,000 hectares, but has been subject to deterioration.

The project is to be financed by the World Bank and a notional figure of its total cost is about £80m.

Tarmac jobs north of the Border

TARMAC's Scottish regional construction units have started the year with new orders worth nearly £5m.

The biggest jobs are with the Grangemouth-based East Scotland Area. At Livingstone the company will set up 21 advance factory units for the local Development Corporation on the Brucefield Industrial Estate.

Also at Livingstone work will start shortly on new factory premises for Burroughs Machines.

North Scotland regional organisation, based at Dundee and Forres, has Department of Environment contracts worth almost £200,000 and the Glasgow-based West Scotland Area has recently won several contracts.

Sir Ministry of Agriculture has appointed the engineers to carry out design and supervise construction of the Duduble river relief channel.

The third new scheme in Somalia comprises a desk study re-appraisal of the Afgoi-Mordale irrigation project. This will include separate reports on the proposed construction of a rice mill and a feedlot, and also an appraisal of an existing 40 hectare irrigation project Golweyn.

Meanwhile work has begun on the final stage of the £6m development plan for the Portchester shipyard of Vosper Thorneycroft (UK). In hand are a £1.4m ship-lifting system and a £1.4m fitting out dock.

Mechanical fire alarm

MAIN ADVANTAGE of a fire sensor put on the market by Gray - Camping, Magnalux House, Southgate Road, Bournemouth BH1 3SW (0202 291328) is that it is entirely self-contained and requires neither wiring nor maintenance under normal conditions.

Called Vanguard Thermosonic, it is made in the U.S. and meets Underwriters' Laboratories requirements.

It consists of a highly conductive heat collector and a low melting point "fuse"; set to a pre-determined temperature (136 or 175 degrees F, depending on the sensor materials) the alloy melts and releases a clock-work mechanism to sound a loud bell.

The device can be re-used simply by replacing the sensor and winding up the clockwork motor.

WE ARE PLEASED TO ANNOUNCE THE APPOINTMENT OF

Survey ship for hire

RECENTLY CONVERTED stern trawler, "Kilsyth," is now available from Hunting Surveys of Borehamwood, for undertaking hydrographic, oceanographic, geological and/or geophysical investigation in shallow or deep water environments for rig, platform or wellsites surveys, pipeline route surveys or inspection services worldwide.

Information, charter rates, availability, etc., on 01-953 6161.

Kingston's big project

THE ROYAL Borough of Kingston-upon-Thames has appointed Bovis Construction as managing contractor of the design and construction of the £4.75m Guildhall extension phase 2 at Kingston Hall Road.

The four storey building which will provide 70,000 sq ft of accommodation is required to permit the centralisation of departments now scattered throughout the borough.

It will occupy land now used largely as an open car park and there will be provision for 83 vehicles at semi-basement level.

The design, produced by Bovis in conjunction with Roy Roe Associates, provides a building to harmonise with the character of the existing Guildhall, and also recognises the requirement for substantial off-street parking and purpose built offices.

The council is also considering the provision of a new multi-storey car park on nearby land for the staff and public. This car park would be centrally located close to both the town centre and the new office complex.

Construction work on the New Guildhall extension is due to begin on site in June, 1979, and is scheduled for completion at the end of March, 1981.

Provision has been made within the design for a future extension which could add a further 30,000 sq ft gross office space, without increasing the overall scope of the building. This would be achieved by withdrawing parking space from the precinct area.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Hidden dangers of looking too far ahead

By CHARLES BACHELOR, in Amsterdam

UNLESS PHILIPS, the giant Dutch electronics group, develops new markets and products by 1991, nearly a quarter of its 35,000 jobs in Holland will disappear.

This startling piece of information is contained in a survey prepared by the group on likely social developments up to the year 1991. Not surprisingly, it caused consternation when a copy found its way into the hands of the NVV trade union federation.

Not all of the developments outlined in the report go into great detail and many of its findings are unexceptional. But those details which the union, understandably enough, chose to highlight were embarrassing enough for Philips and for the social forecast group which prepared the survey.

"I would not say we would not produce a report again," Dr. Peter Winkel, Chairman of the forecast group and deputy director of social affairs at Philips said. "But we would do it differently. You must realise the consequences of an internal report being published," he says ruefully.

"What struck us about the union's reaction to the details released was that no-one said our findings were not correct," Wim Hillen, secretary of the forecast group said. "Everyone said our findings were regrettable but no one said they were wrong."

How do companies like Philips, which has 384,000 employees worldwide and is the largest private sector employer outside the U.S., go about looking into the future? And why the need to add their own crystal gazing to that carried out by the many private and government forecasting institutes?

The aim was to see "if sufficiently tangible to make a real contribution to decisions on the company's social policies" the forecast group said. The report was limited but is of sufficient quality to justify study in relation to questions of policy, it added.

It is too early yet to say whether the survey has fulfilled its purpose although there may be a provisional answer by the middle of next year, Dr. Winkel said. He admits, though, that there is the danger that the lengthy discussions will produce little concrete result. But even if the real purpose of the survey is not fulfilled, the effort which has been put into looking into the future will not have been wasted. "The report has made

Sources

The survey lists more than 50 written sources for material including government studies, reports by specialist government advisory groups, studies by the unions and the employers' organisations as well as academic texts. Most of the sources are Dutch, not because of Holland's advanced position in many social matters but because, since Philips is headquartered in Holland, the future is best seen in terms of that country's social structure and legislation.

The survey begins with a list of assumptions about the future, drawn from the written sources and based on Philips' own experience in social matters. These assumptions are then worked out in more detail in four areas: the trade unions incomes, personnel and compensation structures. In the final section of the 65-page report a number of points raised are checked to see if they could form the basis for policy decisions.

As far as trade unions are concerned Philips foresees that they will become more involved in defending the interests of individual members. This could bring them into conflict with works councils which already operate in this area. Tension is expected to increase between the unions and their members because the unions will either

conform to broader general interests or adopt radical attitudes which cannot be reconciled with economic realities.

New forms of labour contract—part-time work, work at two jobs and temporary project-related employment—will blur the concept of the "employee" and will reduce the need for identification with an organisation such as a union. The survey, which was completed in May 1978, looks 13 years ahead to 1991—not too close and not too far into the future. It is also Philips' centenary year. All the survey has been able to do is to sketch some of the contours. Very little is clear cut. There is mostly an ebb and flow with the precise point at which the tide turns difficult to pick out," the forecast group says in an introduction.

The nine-strong team which formed the social forecast group went to the many published works—often the fruit of many years' study by groups of experts—to distil a picture of the future. Drawing on the expertise of the operational side of the social affairs department they put their own conclusions together, worked in compare notes for an afternoon every two to three weeks.

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LOMBARD

Denis Healey's horror story

BY SAMUEL BRITTAN

MOST OF US know in our bones that the next Budget must be pretty tough if it is to be adequate. One reason for this, although not the only one, is the pay explosion, following the predictable crumbling of the Government's incomes policy.

In a speech in the House of Commons on January 25 the Chancellor painted a hypothetical horror story warning of double figure inflation, higher unemployment and higher taxes if wage increases were to run away. The moral was clear enough but some of the figures were puzzling. As part of our present troubles arise because the content and purpose of Government financial policy was never sufficiently explained it is important to examine the matter in a little detail.

Mr. Healey started from an assumption, which he hoped would prove mistaken, of a 15 per cent increase in "earnings". Mr. Healey's basic contention was that the wages overrun would increase central Government, local authority and nationalised industry costs by £1bn each, making £3bn in all.

Conclusion

"Half or under half" of that would be reflected in a higher Public Sector Borrowing Requirement, the rest coming back in tax and other revenue. The conclusion most people drew was that the Chancellor expected the PSBR to be nearly £1bn higher as a result. Some of this would be reclaimed by cuts in the volume of spending brought about automatically by cash limits. But as it would not be practicable to recoup all the excess in this way there would still have to be discretionary cuts in the volume of spending and/or tax increases.

The CBI team of economic forecasters have, however, carefully tested the effects on the PSBR of a 5 per cent deviation either way in the national earnings average, and have concluded that this would have a negligible effect on the PSBR in 1979-1980. This is so even on the assumption that public spending goes ahead as planned with no restrictive effects from cash limits.

The main reason why the PSBR may not suffer seems to be imperfect indexation both on the expenditure and on the revenue side. The automatic increase in personal allowances under the Lawson-Rooker-Wise amendments will reflect inflation in the calendar year 1978 and not cover any acceleration in

the coming financial year, 1979-1980. In addition, neither the lower tax band at the bottom, nor the higher ones at the top, have been indexed. On the expenditure side the uprating of pensions and related benefits to cover higher prices will not occur until November; so the Treasury would gain in 1979-80 from an increase in the inflation rate. Or put it in the horrible jargon we still have, for these and other reasons, some "fiscal drag".

Tough Budget

Other reputable forecasters tentatively take a similar line to the CBI. But unfortunately their queries about the Healey arithmetic do not reduce either the likelihood of the need for a tough budget. The discussion so far has been about the difference that accelerating wages will make to the PSBR. But the £8bn forecast which Mr. Healey has now made into a firm commitment dates back to the autumn. Plausible guesses I have heard both outside and inside Whitehall suggest an upward revision of this basic figure, irrespective of any wage explosion, to perhaps £9bn.

More important is the Treasury's desire for caution, when inflationary fears are rising, and its real counter-inflation strategy is almost wholly dependent on keeping sterling as strong as possible. These considerations can be made to sound more erudite by discussing the chances of some increase in the velocity of circulation of money. But the main point is that the money must be seen to be "not there", to finance any kind of wage figure which union leaders draw from a hat.

One can think of many technical explanations why the Chancellor's calculation of the wage impact on the PSBR should be more pessimistic than outside forecasters. The whole episode, however, illustrates the importance of "elling it like it is" and the impossibility of conveying all the important assumptions behind a complex but important argument in a highly charged parliamentary debate. Would the country have come to a halt if, when the Chancellor had finished speaking, he had laid a full Treasury working paper on the table, as would be normal practice in many other countries? Journalists, too, would be able to write about real issues rather than arithmetical quibbles which produce disturbance mainly because they are allowed to remain obscure.

round. 5.05 Blue Peter. 5.35 Scotland. 11.40 News and weather for Scotland.

5.40 News. 5.55 Nationwide (London and South-East only). 6.20 Nationwide.

6.50 A Question of Sport. 7.20 The Rockford Files. 8.10 Panorama.

9.00 News. 9.25 Play for Today. 10.40 Tonight—Goodbye Delroy Thompson?

11.20 The Sky at Night.

11.40 Weather/Regional News.

All Regions as BBC1 except at the following times:

Scotland—10.00-10.20 am, For Schools. 5.55-6.20 pm Reporting

THE GAMING BOARD for Great Britain is one of those English-style institutions devised from time to time to steer a course between arbitrary decision-making by executive Government and the full panoply of the courts of law.

Its middle-course procedure for deciding who should be allowed to conduct gaming in this country had, until last week, met with the approval of the courts of law.

But in RV, Gaming Board for Great Britain, ex parte Fenton and others, the High Court held that the Board had acted unfairly when it failed to disclose to the managers of a gaming club in advance of an oral hearing the matter that had in fact apparently led the Board to revoke certificates of consent.

When Parliament enacted, in 1968, the Gaming Act, it gave the Board power to regulate its own procedure. Hence the Board laid down an outline procedure that has become well-known since the courts in 1970 reviewed it and gave its blessing. In short, the Board is always prepared to entertain representations by an applicant who will even give an oral hearing at which legal representatives are permitted to address the Board.

In advance of any hearing, the Board indicates by a letter from its secretary what topics it wishes to have dealt with. This provides the applicant with the opportunity of knowing what matters are troubling the Board.

It is well known that the Board receives privately a mass of information about persons in the gaming world, some of it highly confidential and some of it secret, coming from police sources.

The Board's approach to such sensitive material is to say that the source or content of information is confidential, but not the information itself; and the Board feels obliged to withhold

monde; he was succeeded a couple of years ago by Lord Allen of Abbeydale who, as Sir Philip Allen, was the permanent secretary at the Home Office when the legislation was being prepared and passed through Parliament, and had a kind of proprietorial interest in the operation of this statutory creature.

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disclosure of particulars that would be a breach of confidence inconsistent with its statutory duty and the public interest.

But it will reveal information at the interview as much as it can consistent with those obligations. The rub is that the Board will mention a name or an event at the hearing without

mentioning that nothing was revealed that would breach the rule of secrecy or confidentiality.

The earlier court decisions upon the Board's procedures endorsed this approach. All sources could be kept secret. Fairness in procedure demanded only that the Board disclosed all the information.

If the Board will now have to revise its procedure to give full and prior notice of all the matters it wishes to have dealt with by the applicant, it may be driven to thinking again about the giving of reasons.

This latter feature of the Board's procedure is the one that has most irritated those who have failed to convince the Board of their fitness to run a gaming club.

The Europeans have traditionally regarded it as axiomatic that every decision of a court of law or an administrative tribunal should be fully articulated and reasoned.

For once it may be that a decision of an English court in the field of natural justice will stave off some applicants' trips to Strasbourg. If so, we shall either see a drastic change in the workings of the Gaming Board and the like institutions, or there will be more cases being brought to the High Court.

* * *

IT IS BECOMING a commonplace for one person's negligent acts to cut across national boundaries. A manufacturer in Leeds, for example, delivers defective goods in Lyons where a purchaser suffers injury. Or a mining company in France discharges residual salts into the Rhine, and damages the seed beds of a nursery gardener in

Holland. Where does the injured party bring his action for damages?

The problem has never been satisfactorily resolved in England, but it has now come up in an acute form in an action brought by the French and German offices who are suing Interpol, which has its office in Paris.

Some years ago Scotland Yard prepared a report on the church's activities at its East Grinstead headquarters. The report was sent to Interpol, who circulated it to the police forces of Western Europe. Its contents leaked out. Interpol claimed it is not amenable to the jurisdiction of English courts, since the alleged libelous matter was published only in Germany and France.

Two years ago the European Court of Justice interpreted an article in the 1968 Brussels convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters, which gave jurisdiction to a court of "the place where the harmful event occurred."

That, said the court, meant both the place where the Act occurred and the place where the damage occurred. Accordingly, where the Act occurred in one EEC country and the damage in another, the injured party had the option of suing in either.

Safeguards for the Gaming Board

THE WEEK IN THE COURTS

BY JUSTINIAN

any prior notice to which the applicant is expected to respond.

He may not have the slightest knowledge of the person or event; or, if he does, he may not have ready to hand the material upon which he can satisfactorily answer the Board's inquiry. And since it may not reveal the motive for its bold inquiry, it is hard for the applicant to know how to deal with the Board's misgivings, whatever they may be.

It is the sense of secretiveness and confidentiality that led the Board in its early days to feel that it was not obliged to give reasons for its decisions, and its practice ever since has been to decline to give reasons.

To do so would involve the Board in a difficult task of ensur-

Last week's decision did two things. First, it said that the information must be revealed in advance, and not simply let out in the course of the hearing.

Secondly, it extended the appearance of bias as a ground for upsetting the decisions of tribunals like the Gaming Board.

In the High Court proceedings

Lord Allen of Abbeydale had sworn an affidavit to the effect that none of the matters complained about had in any way affected the Board's decision.

The appearance of justice

not being done could not be remedied by the assurance from the chairman of the Board saying that the matters alluded to in the course of the hearing had no bearing on the Board's decision.

* * *

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The White Tower shines on uninspiring card

RACING

BY DOMINIC WIGAN

inspiring those punters searching out animals with recent form, and soft ground specialists, could well make the afternoon pay.

My idea of the day's best bet is Mrs. Jenny Pitman's luckless Tower Walk gelding. The White Tower will gain the first bracket in the two-mile Albourne Maiden

Chase. Mrs. Diane Oughton's Ebeneezer mare, out of the frame on her first two appearances this term, was no match for the 3-1 on chance, Tragus, at Fontwell just under a month ago; but in finishing second he had Mauritus well beaten in third place.

Sure to be ideally suited by the testing conditions, Gale Forecast is taken to beat the more experienced Minigold, who was tilting at windmills at Kempton last time out when asked to tackle Gaffer. Stopped and Sweet September in the Weighbridge Novices Chase.

With both Apple Seed and Go Arrowsmith withdrawn at the final declaration stage from his race, the opening division of the Hickstead Novices Hurdle, The White Tower will find few, if any, easier opportunities to open his account over the minor obstacles.

Half an hour after that race another useful, though hitherto unlucky horse, Gale Forecast, can gain her first bracket in the two-mile Albourne Maiden

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THE ARTS

Young Vic

Look Back in Anger

by MICHAEL COVENY

If the initial impact of John Osborne's raw, vicious and impetuous play had to do with the sound of a spiritedly loud-mouthed young generation on the British stage, time has done nothing to reduce its unmistakable voice of truth, despair and contempt. Jimmy and Alison Porter have lived in this one room for four years while running sweet stall. There is nothing in the Sunday papers that corresponds to their lives and Jimmy will relieve the monotony of cups of tea and the weekend ritual of wading masochistically through pages of hostile print only by going along the corridor to blow his trumpet "as though he wanted to kill someone."

I last saw the play several years ago at this same theatre, playing in repertory with another early Osborne piece, *Epithal*. For George Dillon, that is a softer, more coherent and perhaps more satisfactory play. But John Labanowski's admirable performance as Jimmy reminds us of his complexity. Although Jimmy may exist only in the full flow of his frenzy, he is not merely a talking head. He is fashioned by hostility to all around him, a lost character, rather like an abrasive version of H. G. Wells' Kipps, intensely loyal to his background and memories. This is the essence of his appeal, even as he hurlis misgivings about the unfortunate Alison,

Festival Hall

Elgar

by NICHOLAS KENYON

The prospect of Thursday's juxtaposition of Elgar's First Symphony (1908) with his Cello Concerto — his intense, nervy playing alerted us to every moment of passing colour. Yet the approach seemed fundamentally misconceived, without weary despair, without utter uncertainty as to the direction of the music (and the feelings playing was always putting forward with conviction), the Concerto misfires. His inspiring playing in the wrong context.

The Philharmonia, disappointing in the *Fruisseit* Overture (except for the chilling horn solo over tremolo strings in the coda), sounded ragged too often during the evening. Andrew Davis drew the maximum warmth from the strings in the Concerto, but in the opening movements of the First Symphony a wild abandon of gesture produced blaring brass which doused the orchestra with unsuitable noise. I feared it was to be an account which failed to match either Barnet or Sooth's electrically charged insistence; but then, in the Adagio the brass was still, the strings could be heard, and Davis paced the passion of the movement with conviction. The Concerto misfires. His inspiring playing in the wrong context.

Donald Mitchell's suggestion was that Elgar suffered increasingly from self-imposed restriction which "did not mean that he fell less deeply, but rather that the range of his feelings was inhibited: he did not plunge into those new regions of feelings that might have forced his style to widen its scope." Had he permitted his tensions to rise to the surface, he might well have responded with some out-of-character music that would have crossed the threshold of the new century in the style, not chronology alone." Was Elgar a neurotic conservative?

On Thursday Paul Tortelier did his best to persuade us of the positive background to Elgar's nobilemente caricature had been revealed.

'Beowulf' at the Cottesloe

Puppet Theatre '79, an international festival, is presenting at the National Theatre a production of *Beowulf*, a large scale theatre piece involving actors, puppets, masks, music and words. It is to be staged in the Cottesloe Theatre, the NT's small auditorium, from Tuesday, March 28, for eight

performances.

Adapted from the Anglo-Saxon epic poem, it tells of Beowulf's three great battles against warring monsters. It is devised and directed by Christopher Leith who also designed the masks and puppets. The verse text is by Lawrence Butler.

SOCCER BY TREVOR BAILEY

A new dimension in the League

THE SELECTION of Watford's goal-scoring discovery, Luther Blissett for the England Under-21 squad, and the inclusion of Laurie Cunningham of West Bromwich Albion, in the senior squad are simply two further examples of the increasing number of quality black footballers in English League football.

West Bromwich, one of the best, and most entertaining teams in the First Division, owe much to their graceful, heavyweight striker, Cyrille Regis, who harmonises so well with the darting and elusive Cunningham, while at right back Brendan Batson is sound and efficient.

It could be said that this talented coloured threesome bring an additional dimension to the Albion team, because of certain natural gifts which they possess and few white players have, like Cunningham's extra suppleness and the remarkably dainty footwork of the powerfully built Regis.

Other black players in the First Division include full back Viv Anderson at Nottingham Forest, who is surely destined for an important role in Ron

Greenwood's future plans. Long-legged, he moves very fast over the ground without appearing to do so, has the ability to dribble past opposing defenders, crosses with accuracy and knows how to score goals with both his head and his feet.

In the Second Division Garth Crooks is a genuine goal-scoring winger with Stoke. Pedro Richards a stylish defender for Bristol Rovers and, though the diminutive Crystal Palace teenager, Vincent Hilaire, has currently lost confidence, his potential is enormous.

Nobody should be surprised by the impact that coloured players are making in top class football. After all, their men are the majority of fighters, and boxing is not exactly a gentle sport.

This belief persisted, especially since ball players as a breed, irrespective of ethnic background, are inclined to be more delicate than the less talented, 90-minute runners and the proportion of coloured people able to play any moving ball game well is very high.

There are several reasons why black players, apart from their natural athleticism and

first encountered at least 15 years ago, I asked the chief coach, a former international, what was probably the strongest club in the country (and in an area with a considerable immigrant community), why he had no coloured lad on his staff? He said that, though they were naturally talented ball players, they lacked the character needed for a physical contact sport.

That did not make sense to me. I had seen Everton Weekes and Gary Sobers hooking very fast bowling, which is considerably more dangerous than being tackled at football, while the majority of fighters, and boxing

is not exactly a gentle sport, were black. However, this belief persisted, especially since ball players as a breed, irrespective of ethnic background, are inclined to be more delicate than the less talented, 90-minute runners and the proportion of coloured people able to play any moving ball game well is very high.

There are several reasons why black players, apart from their natural athleticism and



Dawn Archibald (foreground) and the People Show

Chapter Arts Centre, Cardiff

People Show No. 78

by MICHAEL COVENY

Looking for narrative threads as an aid to critical assessment is often a dangerous game to play, not least when the work under consideration is that of the People Show. The troupe dates from the mid '60s and the work remains as fresh, challenging and entertaining as ever it was. This is indeed the 78th show and one specially prepared for the Chapter Centre, in the same way as such progressive Amsterdam venues as the Mickey have encouraged Mark Long and his merry band to work for some years now.

As usual, it is tailored to the talents of the company. One of the most recent People Show recruits is a pencil-thin acrobat, Dawn Archibald, and much of the scenario is centred around her. Moving all over the Centre, the first scene is outside, where Dawn is winched from a tall wooden structure to the walls of the building, while musicians play brass instruments in that mournful, jazz style that seems to have become a characteristic of not only the People Show, but

also of comparable Dutch groups. There are torches, red flags, strange men in black suits and white masks.

Beckoned inside, we could scarcely encounter a more contrasting picture than we find in a small room, lit with a Rembrandt glow. A girl with a baby ignores the complaints of a testy, nude husband about her having invited "these creeps." Us, presumably. The strange men arrive bearing Dawn wrapped in red. Dawn rising? I am not going to guess at what all this is supposed to mean, nor is the audience as they do not even know that the girl is called Dawn (there are no programmes).

Next, we pass a cough-ridden cigarette salesman with his table of burnt-out stubs. "Only earning a living," he establishes that we are now in a public place, and, around the corner, the audience files up against a wall. To be shot? In my case, almost. As Dawn and her suddenly acquired Tarzan walk slowly up to be joined in mar-

riage, a careless actor splintered a celebratory wine glass under my nose and drew blood from my knuckles.

If it had not been my knuckles, I would have punched him on the nose but, undaunted, I progressed with the rest to a nightclub studio, where the action takes on the feel of a thriller movie, words pre-recorded and played back "out of sync." Dawn and Tarzan take a table near the band (cardboard saxophones) while Mark Long, detective/writer (shades of Dashiell Hammett) asks for one as far away from the band as possible. Tarzan is lured upstairs by a seductive dancer and is shot through the backside by the Rembrandt mother, who is now watching on TV.

The show's central section is in the largest studio, where we file in to sit down for dinner: a piece of bread, stuffed jacket and rice (all this, and a glass of wine included in the £1.80 ticket price). After the meal, the company arrives on the top

table. Dawn emerges from a large cake and her birthday is toasted. The company forms a pyramid, led by the two comic waiters, and sings "Some of these days." She swings on the trapeze. After a strange saxophone interlude in another corridor, we enter another studio where Tarzan lies in a pool of blood on a white circle and Mr. Long, trying to finish his play, quizzes Dawn for more information.

The trouble with this description is that it makes the whole business sound like a load of inconsequential rubbish. This would be to ignore the breath-taking technical fluidity of the presentation and the sheer sensual effect it achieves. Nobody left, nobody asked for refund and everyone stumbled into the club bar feeling thoroughly elated. As I have said before, there is no true critical language developed for this kind of work and a critic's task is therefore thankless. But, believe me, I had a ball.

Newcastle Playhouse

Julius Caesar

by B. A. YOUNG

Bill Alexander was the winner of last year's Hugh Beaumont Award as the best director in the Fringe. He is also one of the Royal Shakespeare Company's team of young directors whom we never see in Shakespeare. So it is especially interesting to find out what he has made of *Julius Caesar* for the Tyne wear Theatre Company.

In spite of his exposure to the political atmosphere of the Warehouse, he has not fallen into the trap of equating Caesar's Rome with Mussolini's. This tempting analogy has never proved more than visually apt. A truer analogy, if we must have one, is with the English Civil War (and while I am passing that landmark, let me correct a former inaccuracy and give proper credit to Sebastian Graham-Jones for directing *The Putney Debates*). Mr. Alexander does not use this analogy, either, though it might be suggested by the truly kingly playing of Bill Pearson as Charles-Caesar and the coldly political persons of Eamon Boland's Cromwell-Brutus.

Neither Italians, English, nor Romans are suggested by Jonathan Porter's designs. His set is rectilinear and blood-red and the costumes are uniforms of grey wool — plain shirts with wide sleeves, breeches over high boots, sleeveless jerkins. Their science-fiction look is emphasised by the heavy blue glasses worn by the common people.

This democratic uniformity in the characters requires the company to distinguish themselves sharply in their acting, and that they hardly do. More social distinction is needed. Socially there is no gap between Mr. Boland's Brutus and Lucius, Moss Evans.

Theatre Upstairs

On Top

by B. A. YOUNG

Perching timorously in the thick undergrowth of Liane Aukin's writing, there is a feasible dramatic idea. Cissie, having known a lover and a husband without establishing a family, lives withdrawn in an unfurnished flat. She is visited there by little boy, son of one of the neighbours, and begins a maternal affection for him. His father is arrested for some political offence, and the boy disappears.

We are told about this in retrospect, as we are told almost everything. Cissie and her former lover Mickey converse in lengths of narrative and descriptive prose, though all they have to say is that they once were in love and now wish only to retire from the world. All the same, they have a final night together on Cissie's mattress. Their unremarkable relationship is treated as the main theme of Act 2.

One other interpretation must be praised: Alfred Thorogood as Carabosse. With huge eyes, spidery hands, and utter authority, Thorogood gave what is, for me, the best reading of the role in many years. She justifies the casting of a woman in the part, bringing it to an end of unanimity of line in attitude among the Fairies, another cascade of optimistic double tour from their cavaliers, were all symptoms of a slack performance. The presence of Deirdre Ewen in the Florestan trio was, though, a joy: there is gold — pure, true, rare — in her dancing.

A plain-clothes policeman turns up now and again, first to question Cissie about the missing boy, later to tell her that he has been found drowned. His conduct is as unorthodox as that of those weird coppers in *The Sweeney* and *Strangers* and so on, but not so exciting. Ultimately he offers to drive Cissie away to her next destination. Does she want to take anything? "There's nothing," says Cissie, thus pronouncing an epigraph on the play.

Ms Aukin plays a couple of modest dramatic tricks on us. One comes when Cissie drops into her conversation occasional references to someone called Andrew, whom Mickey takes to be a new lover. Andrew turns

out to be the little boy. This is characteristic of the way in which basic information is deliberately withheld. The other trick, more obviously fraudulent, comes near the end. Cissie has gone out shopping and Mickey hears a young boy's voice on the stairs. But it is only the grocer's delivery boy, bringing an order that Cissie has just placed in the shop, although she is on the point of leaving, and indeed does leave almost at once, leaving the groceries behind.

A plain-clothes policeman turns up now and again, first to question Cissie about the missing boy, later to tell her that he has been found drowned. His conduct is as unorthodox as that of those weird coppers in *The Sweeney* and *Strangers* and so on, but not so exciting. Ultimately he offers to drive Cissie away to her next destination.

The group will also be appearing at the Arts Centre Horsham on March 6 with La Perichole, and the Crucible Theatre Sheffield with both Cosi and La Perichole.

Popular opera at the Riverside Studios

Peter Knapp's newly formed opera group, The Singers Company, will perform at the Riverside Studios with the New London Chamber Group (conductor Stephen Barlow), a new production of Offenbach's *La Perichole* on February 14 and 17 at 7.30 p.m. and revive Mozart's *Cost fan tutte* (seen at Riverside last year) on February 16 and 18 also at 7.30 p.m.

Both operas will be produced by Peter Knapp and among the casts will be Elinor James, Dennis O'Neill, Alan Watt, and Steve Fletcher.

Rosalind Plowright and Thomas Lawlor.

The Singers Company, formed last year by singer Peter Knapp, aims to bring opera to a wider public and to help young singers establish themselves during the difficult years following full-time training.

The group will also be appearing at the Arts Centre Horsham on March 6 with La Perichole, and the Crucible Theatre Sheffield with both Cosi and La Perichole.

RUGBY UNION BY PETER ROBBINS

England-of-old squander chances

THE CENTENARY Calcutta Cup match between England and Scotland at Twickenham on Saturday began with a brilliant try by Siemen scored before many spectators had even seen in terms of points.

Scotland were kept in touch in the first half thanks to some sinuous running and defensive kicking from Lawson and Rutherford.

As the game progressed Scotland's posture became purely defensive.

How did England fail to take their chances and why? First, Bennett missed a couple of kicks down wind and two more in the second-half. As Fenwick and Ward showed at Cardiff successfully, radically alter not just the scores but the pressures of international rugby.

England's lack of control of the ball in the set scrum was perhaps the most critical factor in their inability to make chances into scores.

When they enjoyed a particularly sustained period of pressure just on half-time there were a series of catastrophes which deprived them of many points.

England's forward play that was not very impressive — one was the way Scotland wheeled their scrum and the other was the wing-forward support in attack. It may be of course that Neary and Rafter are required to play a tighter game than either of them really care for.

That is fine provided it is not at the expense of their support which is desperately needed by this rather poor set of England backs. Both Neary and Rafter play with total commitment — but at this particular cost.

Not that it excuses England's deplorable centre play — and it was deplorable because the running and the passing was so slow. Dodge cut inside early on, stuttering along until he ran out of space, but he seems not to have progressed since last year.

Bond was even slower and passed up a golden chance in the closing minutes when he went back inside instead of getting the ball to Squires.

This indecision and wrong choice of options originated with Young who paused to find out where Bennett was standing before passing.

Such passing was a severe blow to any England three-quarter aspiration. Siemen saw and used plenty of the ball but Squires was again neglected.

FINANCIAL TIMES

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Monday February 5 1979

Tinkering doesn't help

ON THE face of it, the farm price proposals put forward last week by the European Commission seem to be a judicious compromise between the competing (and conflicting) demands of the nine member states. The French have insisted, as a precondition for the launching of the European Monetary System, that artificial exchange rates (the notorious "green" currencies) should be phased out of the common agricultural policy; the Commission has proposed a four-year phasing-out period, with two years' grace for the Germans, whose farmers would suffer from a cut in their Deutsche Mark receipts. The British want a freeze of the phantom "common" prices, but not an elimination of "green" currencies; the Commission has proposed a freeze, but sweetened the proposal to phase out the "green" currencies by higher consumer subsidies for butter.

Middle ground

In the past, this kind of package deal, which offers something to everybody, has often formed the starting point for an eventual agreement. The negotiations have tended to be protracted, nocturnal, and acrimonious, and the Commission has frequently had to modify its proposals during the course of the annual wrangle between the Community Farm Ministers. But more often than not, the Commission's proposals have been a reasonable state at finding the middle ground.

This time round, however, the Commission is in a much more difficult situation, because it is trying to solve two quite different problems simultaneously—problems, moreover, whose solutions are to a large extent contradictory. On the one hand, it wishes to minimise the incentives for adding to the existing over-production in agriculture, by freezing the "common" prices; on the other, it wishes to clear the decks for the European Monetary System by raising the effective prices paid to farmers in weak-currency countries like Britain, Italy and France.

The trouble with this line of thinking is that it rests on the assumption that the member states are prepared to live with the risks of genuinely common prices, when all the experience of the past decade shows that they are not prepared to do so. It rests on the further assumption that the elimination of the "green" exchange rates,

Much too high

The fact is that the Community does not have a common price system, and that the member states do not yet want a common price system. No useful purpose is served by pretending the contrary. What they have is a policy which satisfies none of the Community's consumers, and not many of its farmers, and is a scandalous drain on the Community budget. It is probably too much to hope that the heads of government will next month make any attempt at a fundamental reform of the policy. But it would help to clear the air if they would frankly recognise that farm prices in practice fixed in national currencies, that in many cases they are much too high, and that they must be brought down.

Breaking rules for State aid

THE PUBLIC Accounts Committee has become increasingly critical of the administration of government spending programmes in recent years as it comes across more and more examples of weak financial control. Yet each year brings a new, and invariably larger, crop of examples of money having been wasted. An appearance before this House of Commons committee is said to be an experience civil servants fear most, unless it comes in late (as, often the case). It usually results in the particular mistakes that brought them there being put right. But it is difficult to believe that the wider lessons are being as readily learnt, for similar errors recur with depressing regularity.

Limited

The latest batch of reports from the Comptroller and Auditor General, which will be the subject of PAC hearings this year, are a good case in point. They cover a wide range of departments and spending programmes but two items that particularly stand out relate to the administration of industrial aid programmes, the intervention fund for shipbuilding and the interest relief grant for firms in oil and gas fields. In both instances, government departments are found to have failed to observe the rules they had themselves drawn up.

Assurance

In the case of the intervention fund, the Department of Industry failed to make offers of assistance to British Shipbuilders conditional upon any restructuring of the industry, a point upon which the PAC laid particular stress on the three previous occasions it has reviewed the operation of shipbuilding aid programmes—and one which had also been the subject of a firm Ministerial assurance when the fund was established two years ago. The department had in addition failed to obtain realistic cost estimates before offering assistance, as its own guidelines required. It is defence the department argued that shipbuilding orders were urgently needed while the newly-nationalised industry was still building up its organisation and before it could prepare a cor-

THE INDUSTRIAL STRATEGY

By JOHN ELLIOTT, Industrial Editor

Flaws of Labour's brainchild

A YEAR ago Ministers were busily trying to devise some way of breathing new life into one of their major policies so that the public would realise that the Government had a coherent and positive approach to the country's industrial problems. Yet the industrial strategy, since it was born three years ago, has shown little sign of leading to strategic decisions and has certainly not captured the imagination of the country at large.

On Wednesday the Prime Minister, surrounded by other members of his Government and by industrialists and union leaders, will celebrate the third birthday of the strategy at a meeting of the National Economic Development Council.

Last year the Ministers did not come up with any very dramatic device to reinvigorate the exercise apart from promising £250,000 for publicity purposes. Now it seems as if they have accepted that there is little point in trying to sell the doctrine in any general way as a short-term answer to Britain's problems.

This is hardly surprising because the strategy has not really touched the country's major problem industries such as steel, shipbuilding, and motors, and it has not even produced any major effects on the 40 per cent of manufacturing industry in areas like engineering and textiles that does cover through tripartite sector working parties based on the application of industrial aid.

Ministers and Mr. Geoffrey Chandler, the new NEDO director general, It was also given the wrong title—with the result that sceptics now can quite justifiably say "What industrial strategy?" Few people apart from those directly involved in the Treasury and Industry Department, the NEDO headquarters, and 1,000 people who sit on the sector working parties, take the exercise very seriously—and some of the participants from companies resent the cost of the management time involved. To those outside this select group, the industrial strategy and its 40 sector working parties is either a gigantic "talking shop" or is a dangerous first step towards a corporate state.

The base on which the exercise operates is the regular meetings of the sector working parties which bring together some (but inevitably not all) companies in an industry together with union officials, the relevant civil servant from the Department of Industry, and a NEDO staff member. They produce annual reports on how they can improve the industry's efficiency and international competitiveness.

The problem is how to turn the reports' ideas into action. A year ago part of the record on this was quite impressive because most of the working parties' ideas had been aimed at the Government, calling for a wide range of help, from taxation cuts and selective industrial aid schemes to a more constructive approach to industrial planning applications by local councils, and more help from the Export Credits Guarantee Department. Many of these ideas were taken up by the Government, especially on

stewards, plus outside union officials—are aware of what the working parties think ought to happen. As Mr. David Stout, the NEDO's economic director, said in a paper published last month: "The effects will depend ultimately upon the success of the participants in translating the sectors' self-referring recommendations into collaborative decisions within (and between) individual companies; decisions about product design, the installation and use of new plant and equipment, export development, communication with customers and suppliers, training and manpower planning, specialisation and restructuring."

The £250,000 allocated for communications last year has been spent on about eight conferences for trade unions organised by the TUC, on other conferences, and on various schemes drawn up by some of the working parties.

Some reports covering high technology areas have been critical of the clearing banks' conservatism when receiving requests for finance, and have encouraged the Government to push ahead with state-backed guarantee system for clearing bank loans.

But while there has been some success in generating action by the Government, it has proved far more difficult to convert the working parties' ideas into action by individual companies. A year ago this was being talked about as "getting the message down to the shop floor." This rather vague notion has now been refined, and the aim of the Government and the working parties is to make sure that the decision makers in companies—ranging from senior executives through middle management to shop

investment levels raised and becomes frustrated when this does not happen. It also sees the whole exercise as a stepping stone to a more planned economy with the Government and unions having a major say in company affairs.

It is this union ambition which makes the CBI ultra-cautious. There are many industrialists who, not surprisingly, fear that the discussions which companies are asked to hold with Government Departments and trade unions as a result of sector working party proposals are but the first step towards a compulsory planning agreement system. Industrialists have also been critical in the past about what they have regarded as impractical targets and proposals for reforms set by some working parties. Now the CBI is to make a study of this and is to try to make the amount of management time taken up in the working parties more cost effective.

In spite of such difference however, the exercise does bring both sides of industry together with the Government in a neutral and usually cooperative atmosphere both in the sector working parties and in the umbrella National Economic Development Council. It thus provides a rational forum for discussion, even at a time like the present pay crisis. Indeed, the changes for British industry being discussed by the working parties could well have a more lasting and significant impact on industrial efficiency than the more emotive political issues such as picketing and closed shops. There is also an element of employee participation in the exercise.

There are limitations to what the sector working parties can achieve, especially when they do not include all an industry's companies. Like the NEDC they often shy away from the real issues and so, for example, discuss skill shortages without going on to consider widening pay differentials.

They also discuss which industries are doing well or badly. But they fail to go in the next stage of picking "winners and losers" and so do not suggest that State aid should be channelled into one particular sector of an industry while another part may be left to die. Political embarrassment and the fear of union hostility are the main brakes when such issues are raised—a problem that may become more acute when the impact of micro-electronics on job prospects forces unions to face up to unpalatable decisions.

Two other important events during the past year have been the publication of a report on product design—which is now to be fed into working party discussions, and the setting of targets for reducing import levels by most of the working parties. The TUC wants these targets closely monitored and, in an illustration of its partly political approach to the whole exercise, might well reopen its campaign for Government-imposed import controls if the industries do not show themselves able to achieve the voluntary targets.

The TUC and the Confederation of British Industry are of course involved in the strategy for different reasons although both unite behind the primary need to improve industrial performance. The TUC wants to see employment and industrial pay differentials.

But while such limitations may help the critics of the industrial strategy, its supporters can take heart from the fact that there are signs that a future Conservative Government will try to keep it going, albeit probably without all the panoply of selective industrial aid. In addition it may prove to be an "invisible export" because both Canada and Australia have shown interest in mounting similar exercises.

*** De-Industrialisation.** Edited by Frank Blackby. Economic Policy Papers No. 2. Published by Heinemann and NIESR.

FINANCIAL TIMES SURVEY

Monday February 5 1979

India

Need for firm action

By David Housego

ASKED ABOUT the current performance of India's economy at a Press conference recently, Mr. Morarji Desai, the Prime Minister, described it as "not bad, but could be better."

Heads of government rarely give such an honest assessment. But the dryness of tone is equally typical of Mr. Desai's failings as a politician—in a country so fond of rhetoric—to restore popular confidence in his Janata Administration, which came to power two years ago on such a tide of enthusiasm.

With certainly no more under her belt in terms of economic achievements, Mrs. Indira Gandhi convinced a great many people in the last days of the Emergency that India was indeed "on the move," as her Congress Party slogans proclaimed.

Instead, today it is largely the senior officials in the Government, rather than the Janata politicians, who point out that, in comparison with the admittedly slow growth rates of the decade 1965-75, India has been doing rather well over the past 18 months.

It is also mainly foreign observers who contrast the political turmoil in Pakistan, Iran and Turkey—countries with whom India has often been

compared unfavourably—with the resilience of India's political system.

To Indians, however, the image conveyed by the Janata Government is of continual squabbling between factions led by ageing leaders—with, at its heart, a quarrel, now patched up, between Mr. Desai and his powerful rival, Mr. Charan Singh, who was sacked as Home Minister but has now been taken back into the Cabinet as Finance Minister and one of two Deputy Prime Ministers. For months the squabbling seemed to paralyse the Government.

Recovered

It also sank in popular esteem by allowing Mrs. Gandhi to make a fool of it by expelling her from Parliament, and then locking her up in prison for a few days after her by-election victory at Chikmagalur. The Administration has let the impression grow, whatever the official statistics may show, that violence is on the increase and more working days are being lost through strikes.

It has failed to demonstrate to the minority communities of Moslems and Harijans ("Untouchables") that it can offer them the same protection that Congress did—a point that Mrs. Gandhi has been quick to exploit.

The divisions within the Janata leadership have been reminiscent of the wrangling among the political bosses of the Congress Party 10 years ago—also a period of weak government but high rates of public investment.

The battle then, which Mrs. Gandhi won, was for supremacy over the powerful Congress machine and over Government. But since the coming to power of the diverse groups that form the Janata Party, there has been a departure from the post-independence tradition of a hierarchic Government, dominated by a single personality (Jawaharlal Nehru) and his daughter, towards rule by a coalition of interests in which

Good harvests, strong exchange reserves and low inflation are among the favourable factors which should be encouraging India's rulers to make a real assault on the widespread poverty and other social problems of this, the world's largest democracy. But an irresolute Government looks in danger of letting the opportunity slip.

the Prime Minister's role is more limited. The change has now been more or less institutionalised by the appointment of two deputy prime ministers under Mr. Desai.

Whether such a system (more reflective of the diversity of the country) can effectively co-ordinate policy, has yet to be proved.

But the lack of unity within the Government has at least meant that no single faction has been able to impose its views on policy to the extent of provoking new strains in the country.

Mr. George Fernandes, the Socialist Minister for Industry, has not been able to get his way on further nationalisation, no more than Mr. Charan Singh was able to put into practice his nostalgic dreams of restoring India to a pastoral economy. As Minister of Finance, he will have more of a chance to press for allocations in the budget for agriculture and rural developments, but he will run into strong opposition if he attempts to penalise industry.

A weaker central authority has meant a part return to the original federal structure of the constitution. The States have recovered some of the powers they had under Nehru when strong chief ministers had the stature to hold their own against directives from New Delhi, and before Mrs. Gandhi shifted the balance by appointing men subservient to her to head State governments.

Though there is resistance among civil servants in Delhi to any loosening of "the steel frame" that holds the union together, the case for greater devolution is becoming widely accepted, especially with the economic priority being given to local schemes of rural development.

In similar vein, the Janata opposition to the further growth of large industrial houses has been turned on its head by allowing them to invest in new cement plants to make good local shortages.

A policy of withdrawing assistance from exporters in last year's budget is now being reversed under the shock of finding that export receipts have dropped this year.

There is a growing list, as well, of companies being allowed to bring in foreign technology. All this points to decisions either being taken by ministers or by senior officials up to realism gaining the upper hand over political rhetoric—though, without doubt, the uncertainty of the continuing political crisis has taken its toll on efficiency.

Along with the opening up of the economy, there has been some improvement in the overall growth rate. GNP has expanded at an average of 4.5 per cent over the last five years, compared with a trend rate, post-independence, of 3.5 per cent.

The 7.4 per cent growth in GNP in 1977-78 is expected to be followed by about a 5 per cent growth this year, with industrial production picking up and agriculture benefiting from unusually good winter rains.

New investment has come almost entirely from the public sector, but with capacity utilisation increasing, it should not be long before the private sector increases its outlays as well.

What this encouraging picture

conceals is that there seems to have been virtually no increase in per capita consumption of food over the past decade—meaning that nearly half the population of 600m are as poor as ever. There has also been virtually no reduction in the number of unemployed or under-employed—or about 41m. In a country like India, these are as important yardsticks of development as aggregate production figures.

Dropped

Against such a background of continuing poverty and unemployment, it is all the more ludicrous that India should now be in the position it is of having more resources than the Government knows what to do with. The combination of high foreign exchange reserves, ample food stocks and savings as a proportion of GDP exceeding investment, means that over the past 18 months India has been freed of the main constraints that have held back the economy in the past.

It also represents an opportunity unique since independence. In addition to these resources, the Government would have no difficulty in tapping additional foreign assistance or finance that donor nations and banks are anxious to thrust on it.

The high level of surplus domestic resources stems basically from depressed levels of demand and consumption in the rural areas because of the large numbers of people living at subsistence level. The Government view is that additional investment

beyond what is in the pipeline would create excess capacity.

It has thus set a modest annual average growth target in the new Five Year Plan (1978-1983) of 4.5 per cent a year. This is below what it has attempted in most previous plans, below the growth rate of southeast Asian economies and well below the seven per cent target that the Janata Party adopted in their manifesto.

The unwillingness to push ahead with higher levels of investment arises from old taboos still cherished by a conservative administration, the fear of a new bout of inflation (though wholesale prices are now hardly above last year's level because rural purchasing power is still low); reluctance to depend on foreign aid because of its political vulnerability; a gospel of continuing self-sufficiency that the Chinese are throwing off with more gusto.

The economic priorities of the plan are rightly on raising rural incomes and hence demand through creating more jobs. But unless State governments—and, in particular, poor provinces such as UP and Bihar, which together have a population of 160m—are bullied into coming forward with more roads, for instance, to open up their isolated villages and which immediately create more construction jobs, rather than being told that funds are not available, the risk is that the food surplus will climb higher as production increases with new irrigation projects but is not matched by increases in consumption.

Industry could also find itself short of markets as it did from 1965-75. At the same time, without active measures to diminish the income gap, the already strong current of violence between the "haves and have-nots" is likely to grow. Probably the major legacy of Mrs. Gandhi's rule was to awaken the poor to the chances

CONTINUED ON NEXT PAGE



THE SHOWPLACES GROUP OF INDIA PALACES-HOTELS

LOCATION PALACES	NAME
Jodhpur	Umaid Bhawan Palace
Mysore	Palace Rajendra Vilas Imperial
Ootacamund	Palace Fernhill Imperial
Mussoorie	Chateau Kapurthala
Udaipur	Pichola Island Palace
WELCOMHOTELS	
Madras	Chola SHERATON
Agra	Mughal SHERATON
Delhi	Maurya SHERATON
Bombay	Searock
Jaipur	Mansingh
Hyderabad	Banjara
Aurangabad	Rama International
Kathmandu	Kathmandu
Goa	Cidade Dona Paula
Bangalore	Windsor Manor
Delhi	Siddharth
Varanasi	Varuna
Andaman Islands	Construction Starting Shortly
Khajuraho	Construction Starting Shortly
Calcutta	Pala

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ECONOMY

INDIA II

Signs of stronger growth

EVER SINCE independence India's lumbering economy has seemed immune to Government attempts to lift its growth rate once and for all above a 3½ per cent historic trend. Sometimes natural calamities like floods and famine have wiped out harvests, and subsequent foreign exchange shortages have prevented the purchase of items not produced at home but essential to sustain growth. At other times, when these constraints have been absent, either the bureaucracy has been unable to cope with the new circumstances or the politicians have failed to make the country respond.

In India right now, both the Government and Ministers are once again being put to the test on the economic front. Grain stocks are large and foreign exchange reserves are high. Although the administration initially faced some difficulty responding quickly, it has since relaxed import controls over imports, industrial licensing and internal movement of grain. A large trade deficit is looming, but the balance of payments will end the year in surplus. Credit is easily available and the inflation rate is among the lowest in the world.

But if the economic conditions for growth in the short term have never looked better, the political climate is far from happy. The ruling Janata party is preoccupied with its own internal feuds and with Mrs.

Gandhi and is in no shape to take advantage of the present bright position to fight its self-declared war on poverty and joblessness. The long-term picture is also far from satisfactory. Population growth could now be as high as 4·5 per cent a year, which may wipe out many of the gains that are in prospect.

India's five consistently good harvests in a row are mostly due to fortunate weather but are also the product of increased irrigation and more intensive use of fertilisers. Although the large grain stocks—at 17m tonnes they are too large—contrast sharply with the under-nourishment of millions of Indians and show how unequal is the distribution of income, people are talking seriously of India having escaped the worst of its dependence on monsoon rains.

India's strong external position stems from continuingly large remittances from Indian workers abroad and also from high invisible earnings from shipping and air transport, tourism and foreign assets. Because this has allowed a substantial relaxation in import controls, the old constraint of domestic supply shortages is being largely countered, albeit at the cost of a large trade deficit. The reserves remain buoyant, however, and the balance of payments surplus means that still underdeveloped India is in effect lending abroad

and helping to finance the developed countries' growth.

Although the progressive relaxation in import controls has not been across the board and India remains a highly protected economy, it has been a key factor in containing the country's inflation rate to its low level. After the 20·25 per cent rates of the 1973-75 period, India's wholesale price index rose 5 per cent in 1977-78 and has increased little more than 1 per cent in the first eight months of this financial year (April-March). The administration reckons that with its ability to use the import and export tap to help deal with any domestic shortages, prices can be contained even though money supply has been rising (12·1 per cent last year, 10 per cent this year).

Record

In 1977-78 most of the country's growth of perhaps 7 per cent was contributed by agriculture. Apart from the record grain harvest of 128m tonnes, cash crops like sugar, tea, coffee and cotton all improved. By contrast industrial growth was a disappointing 3·5 per cent about half that of the previous year. The fall was due to a shortage of the same items whose easy availability had inspired the previous year's growth: raw materials like iron and steel and cement, railway

wagons for transport, and power.

This year the reverse is likely to be the case. The grain harvest is expected to be about the same, but the cash crops are again expected to show an improvement, perhaps about 10 per cent overall. This would represent an overall contribution to growth from agriculture of some 3 per cent. Industrial growth, on the other hand, is expected to top 9 per cent, a figure which is thought to have been exceeded only once in the past decade, in 1976.

This means that overall growth might well exceed 5 per cent for the second year in succession, and the Planning Commission's 4·1 per cent target for the 1978-83 sixth plan might be reached in which case the credibility of planning would receive a significant boost.

It also means that total investment is not stagnating. Provisional Planning Commission estimates indicate the increase this year could be of the order of 13·14 per cent, after a reported 15 per cent last year—a level which could be higher in the circumstances but is no worse than the average for the 1970s.

This activity, however, is mainly concentrated in the public sector, where investment is said to have risen 30 per cent (from rather low levels before) last year and to be heading for 20 per cent this year. Businessmen and bankers paint a far from rosy picture of investment opportunities. But while there has been little sign of new fixed investment in manufacturing generally by the private sector, businessmen have shown no hesitation in investing money where there are shortages and therefore demand—in cement plants, for example.

In the eyes of an unworried administration private sector investment is a "lag" rather than a "lead" factor in India and of marginal rather than central significance in the overall progress of the economy. What really matters, officials say, is overall investment, and especially public sector investment which is aimed at agriculture. This is said to be pressing ahead rapidly: tubewell investment is described as large, for example, and investment in being made in new capacity to overcome shortages of items like fertiliser, as well as steel, soda ash and cement. When all this comes on stream, imports of these items are likely to be halted.

There is room for genuine debate over whether the more open system of government of the Janata Party or the more disciplined approach now being attempted in Sri Lanka is the more appropriate for India.

One of the missed opportunities of the past two years has been that a full two-party system has failed to evolve.

Mrs. Gandhi is confident that it will fail. There is little doubt that she is determined to become Prime Minister again. She shows little sign of looking for advice beyond the small circle of family and confidants who stood by her in the Emergency and whose policies led to its worst excesses.

A further sharp deterioration of law and order would play into her hands politically as

responsible for all the shortages seen on crucially, so the debate over nationalisation and the role of the so-called "large issues" continues too. On this the private sector is still not sure how best to respond. Some business men say they discount what the Industry Minister, Mr. George Fernandes, says in public before large crowds because of his firm assurances in private. Others say his threats to nationalise various industries—the most recent include Tata's steel plant, the Birlas's aluminium plant, and the two main automobile manufacturers—should be taken seriously because they are politically rather than economically inspired.

On the fuel and power front, where there have also been shortages, the position is improving. Electricity generation has risen at an annual rate of 13 per cent so far this year, mostly thanks to high levels of hydro-electricity output. More projects are due on stream next year. Coal production will be below even its reduced target of 107m tonnes this year, with perhaps 2m tonnes lost by the floods in West Bengal. Oil shortages resulting from the Iraq crisis have for the most part been covered by contracts with Iraq, and stocks are 50 per cent above normal at 12m tonnes.

Along with the improvement on the capital goods front there are incipient signs that demand for consumer goods is also picking up, even in the rural areas. People are said to be buying soap, matches, cloth, sugar, bicycles, and radios on a scale which suggests that even those who do not own land may at last have begun to benefit. In the eyes of the Administration, therefore, the whole rural-based strategy of increasing agricultural output and promoting small-scale industries is bearing fruit.

Hard evidence for its success is difficult to come by, however. The aim is to reduce poverty and increase employment, and recent data on both are simply unavailable. Indeed, while masses of information is available.

Modest

If it is too early to look for results in terms of Janata's ultimate objectives, it is not too soon to see the consequences on both the agricultural and industrial fronts of its moves to liberalise the economy. The decision to allow free internal movement of food grains has helped remove temporary shortages and offered people greater variety. The decision to let

investments of up to Rs 30m go ahead without a licence has made the interminable "corridor" for industrial licences unnecessary for the small-scale industrialist. The old limit was 10 per cent.

If this impact is achieved, the outcome will still be modest. But then the problems of poverty and unemployment in India can only be seen as enormous. It is therefore not surprising that the arguments continue, even if the new thinking which came with Janata's arrival in power is firmly established in the public mind. On the agricultural front, for example, there is the question of whether land reforms, even if they are not politically possible, are essential to the achievement of these objectives. The answer is not obvious because of the generally small size of holdings there.

On the industrial front there is the question of whether small-scale industry is the best means of producing items like soap or matches which are already being produced on a large scale at an economic cost. The problems of small industries, one businessman says flatly, are large. He points to a study produced in India on the subject of bullock cart technology to make his point, but he might have chosen anything.

Modest

For all this the balance of payments position remains satisfactory. Foreign exchange reserves (excluding gold and SDR holdings) stand at around \$6.5bn, or about a year's imports. Taking the trade deficit, the aid flow and the reserves, invisibles including remittances appear to be running at about \$1bn a month. Remittances account for over half of this, but the growth rate appears to be slackening although there are no firm statistics.

Some people say remittances will fall more sharply because India is insisting on better conditions for its workers, but this seems unlikely. Indians face enough bureaucratic obstacles to leaving the country as it is, and still go. A more important consideration is any change in the level of economic

activity in the OPEC countries, and it is this which officials are keeping a close eye on in their reserves policy.

Against this broadly positive picture of the economy must be set several negative features. The labour position is far from satisfactory, with strikes in recent weeks alone hitting the country's docks, banks and jute mills. Although this has been a constant factor of Indian economic life, it remains a dangerous one. Second, it may not be possible to contain inflation at its present low level, particularly if shortages develop for which the response on imports cannot be quick. There are also signs that the so-called "parallel economy" is asserting itself strongly again, involving "black money" (undisclosed funds) and goods in short supply.

In the longer term the inefficiency of India's population policy is a persistent worry. But questions also remain about whether the Janata Government, or any Indian government, can finally lift the economy growth rate to a higher level. From Janata's real mixture of personalities and views—the socialist strands of thought of Mr. Fernandes, the priority for landowning peasants given by Mr. Charan Singh, the greater sympathy for large rather than small-scale industry of Mr. H. M. Patel and the Gandhian preferences of Mr. Desai—the government has conjured an economic policy emphasising rural development which has been widely accepted. But so far it has shown few tangible results.

Unless this changes even the achievements under Janata will look like the achievements of an administration rather than of a government.

Chris Sherwell

Action

CONTINUED FROM PREVIOUS PAGE

seizure of land and disturbances at the universities that have left some closed for almost two years. In addition, there have been communal clashes in Lucknow and Aligarh. More widely still, the belief that violence, whether by groups of industrial workers, landless labourers or university students, is the most effective way of gaining one's goal seems to have gained ground before the emergency and since.

The Janata Government thus finds itself in power at a time of widespread social and economic upheaval of which the Emergency was certainly a symptom. Mrs. Gandhi's act of violence on the constitution has been repeated before and after by other Indians in countless other abuses of power unconnected with the Emergency.

The Government's almost impossible problem is to live up to some of its election promises on alleviating poverty and unemployment, to demonstrate that it can govern effectively without resort to the measures Mrs. Gandhi took, and to project an image of an All India Government, mindful of the communal and caste interests it does not directly represent.

One of the missed opportunities of the past two years has been that a full two-party system has failed to evolve.

There is room for genuine debate over whether the more open system of government of the Janata Party or the more disciplined approach now being attempted in Sri Lanka is the more appropriate for India.

But neither Mr. Desai, nor Mrs. Gandhi, preoccupied with litigation and the organisation of a new populist movement, has clearly voiced the alternatives.

Just as last year's argument inside India over who is

Lack of leadership

THE EUPHORIA evident two years ago when the Janata Party swept Mrs. Indira Gandhi's Congress out of power has given place to despair. Those who saw in the event the return to democracy, the hope that the merger of disparate opposition parties would initiate the long sought after two-party system on the Westminster model have slowly become disillusioned. The national alternative that the Janata appeared to be has proved a transient phenomenon, an experiment that has all but failed.

Personnalities have always counted for more than ideology in Indian politics so it is not surprising that the near-collapse of the experiment is due largely to personal quarrels and disunity at the top. Mrs. Gandhi, a towering personality for the past dozen years, has shrewdly fished in the troubled waters of the Janata to make a bold and largely successful attempt to stage a comeback. Her gains in the past six months have been truly impressive. It is a measure of her resilience that for someone considered a spent force less than two years ago she is again a formidable figure, the main contender for power.

What she is really doing is to exploit the inability of the Janata's constituent units to merge. Before this party was formed, the Congress was very much the same kind of umbrella, providing shelter to ideologues of all hues. The difference is that the Congress always had at its head a figure of national stature—Mr. Nehru and his daughter—the weight of whose authority was sufficient to subdue dissent if it tended to get out of hand and who had the ability to force a compromise...because of the patronage they could dispense.

Whims

The Janata has neither. There is no commanding figure at the head. Mr. Morari Desai has attempted a curious mixture of ruling by seeking a consensus on some issues while imposing his personal whims on others, making himself almost universally disliked in the process. If he continues to be Prime Minister of a Janata Government, it is not because he has demonstrated any great ability but because his removal would lead to a scramble for the leadership of the party and impose strains it probably would not be able to withstand.

The disenchantment with Mr. Desai has grown because of his prolonged inflexibility over the resignation of Mr. Charan Singh, leader of the Bharatiya Lok Dal (BLD) faction in the Janata, who has just been taken back into the Cabinet after seven months of public quarrelling.

No matter how powerful the support that Mr. Charan Singh has, it is the Jan Sangh's role that is crucial in future alignments in the Janata. The Jan Sangh has grown, almost

silently, in the past two years and the three States controlled by it have been ruled with an efficiency that is lacking in other Janata-ruled States. That the Jan Sangh and its allied organisation, the militant Rashtriya Swayamsevak Sangh (RSS), is being attacked both by Mrs. Gandhi and other factions in the Janata—for the alleged role of the RSS in communal riots—is a sign that its growing influence is feared.

Indeed, some observers feel that the Jan Sangh is interested in toppling the Prime Minister and the Janata long enough to establish itself as the heir to the organisation.

Skilfully

However, its Hindu ethos and the suspicions with which RSS activities are viewed are factors against it, especially in a country where there are millions of Muslims and other minorities and where the South has its linguistic fanaticism. These have been used by Mrs. Gandhi in her campaign; her attack on the Janata is directed through the Jan Sangh. Her attempt has been remarkably successful since she has an uncanny knack of choosing the right tactical play. So skilfully has she managed her campaign that she seems the only professional among a pack of amateur politicians.

Now wearing a martyr's halo because of her week's spell in jail on being held guilty of breach of privilege by Parliament, Mrs. Gandhi has forced the Janata to let the impression grow that she has atoned for her Emergency sins. Initially it seemed that her aim was just to squash the charges of abuse of power and corruption against her and her son. Now she has made such headway that she is again a contender for power, easily the most important leader of the Opposition in the country. Not only has Mrs. Gandhi humbled her opponents in the Janata, she has quickly won over to her side most factions of the Congress and she is now again its leader—an achievement that has taken her less than a year.

Mrs. Gandhi could return to power but, despite her impressive gains, she has a long way to go unless the Janata crumbles and provides her with a windfall. Her Congress has suffered a string of by-election reverses, although its hold over some southern States seems firm. The north remains wary of her and recent by-elections have shown that it has not forgotten the excesses of the Emergency. She is aware of this and this explains her reluctance to contest a parliamentary by-election from the north; she chose the safe plantation constituency of Chikmagalur in Karnataka which was carefully

selected for her by her protege, Mr. Devaraj Urs, Chief Minister of the State. She has announced that if she contests again—and there is little doubt that she will and that she will win—it again will be from Chikmagalur.

Mrs. Gandhi is keeping her options open and, because she is insecure in the north, she has even tried to woo Mr. Charan Singh who has just demonstrated his base in the northern States. This is an attempt at a realignment of politics that the country has been hearing of for nearly two years. It implies that Mr. Charan Singh will abandon the BLD from it and that Mrs. Gandhi will form an alliance with him. This kind of speculation is common in India's capital. The realignment spoken of has so many permutations and combinations that it should be taken seriously only when, and if, they happen. Certainly all the ingredients for a realignment are present: disunity and dissatisfaction in the Janata, the lack of any ideological basis for differences between the two major parties and Mrs. Gandhi's growing strength.

The danger is that such manoeuvring has already led to a "debasement" of Indian politics and devaluation of politicians," as a noted political commentator describes the present situation. He warns: "Most politicians in the country are contributing towards the general belief that they are in the business of politics to feather their nests rather than to serve the electorate and the people. Our neighbours have already shown the direction politics can take if politicians do not rise above personal and group interests. Mrs. Gandhi has once defied the sanctity of democratic institutions in the country, giving heart to others who may wish to improve upon her performance."

This warning is timely in view of the growth of regional, instead of national, forces and parties and a weak Government in power at the federal level. The Marxist parties, now in power in West Bengal and Tripura, are fast consolidating its position. Its leaders are under no illusion that a revolution is around the corner but they hope "our message will carry" to other parts of the country since the Marxists have been unusually effective in and acceptable to the States they rule. But they still have to take root in many parts of the north and west. For the present, the country will have to be satisfied with the Janata muddling along until Mrs. Gandhi forces it out, either through a mid-term election or without it.

K. K. Sharma
New Delhi Correspondent

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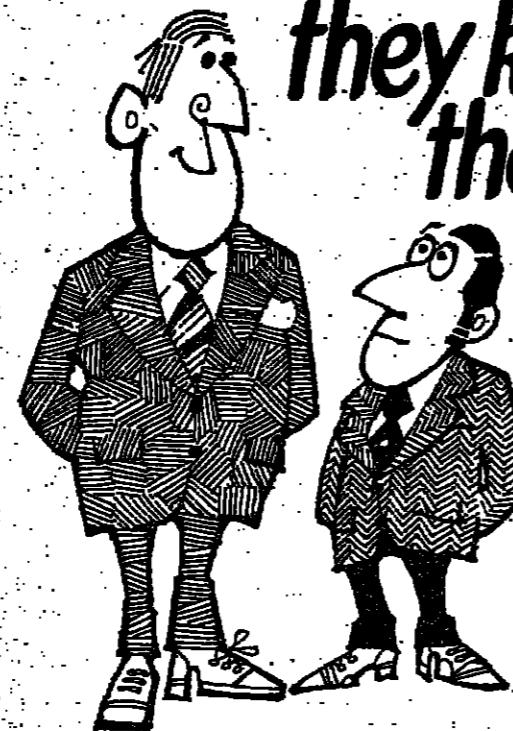
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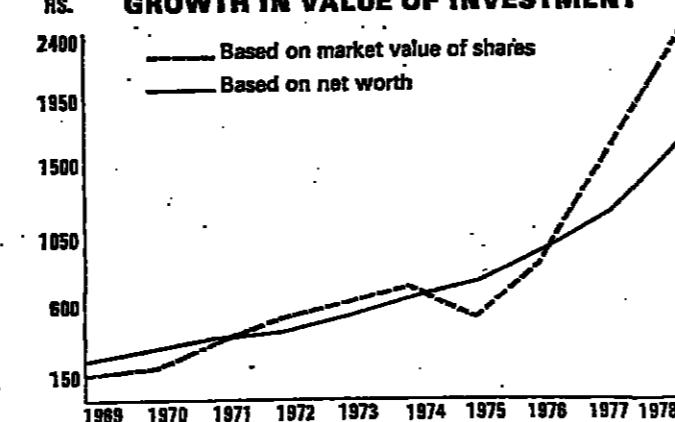
PRODUCTION

68-69	21119
69-70	28299
70-71	31580
71-72	40833
72-73	43831
73-74	49507
74-75	56468
75-76	83860
76-77	100111
77-78	118111

EXPORTS (Rupees in millions)

73-74	1.8
74-75	7.9
75-76	37.8
76-77	34.2
77-78	66.7

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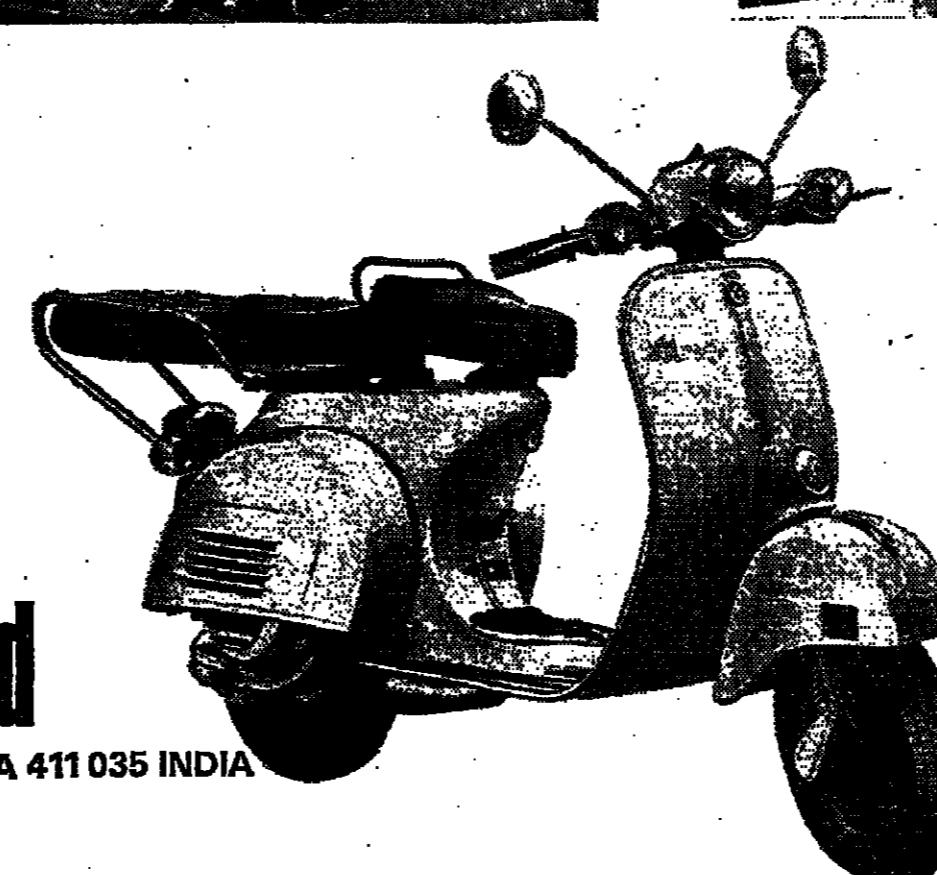
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AGRICULTURE

Self-sufficiency in sight

INDIA IS heading for its fourth successful foodgrain harvest in a row. People are speculating seriously that the country is close to insulating itself from the ravages of the weather—that it is now in the midst of a second Green Revolution thanks to fertilisers, pesticides and improved cultivation techniques. If they are right, India could be experiencing one of the world's most important agricultural developments in a decade.

In fact, the picture at the moment needs more sober interpretation. The struggle for food self-sufficiency in India is a race against population growth, and it could well be lost unless family planning policy is hauled back from its present disastrous state. Against the 17m tonnes of foodgrain kept mostly under tarpaulins all across the country—a stock twice as large as necessary even an exaggerated estimate of future security needs—must be set the uncom-

fortable fact that millions of people remain undernourished if not actually starving. It is not yet certain whether any amelioration in these people's condition owes anything to the Janata Government's laudable strategy of emphasising rural development. No one doubts that good monsoons have been an essential pre-condition for the improved harvests of recent years; indeed, the weather is one of the principal reasons for the Indian economy's favourable outlook, along with healthy foreign exchange reserves. But officials are convinced that the Government and administration can take much of the credit for continued good performance.

The rise in rice output of more than 25 per cent last year, the highest increase ever, is said to mark an acceleration of the first Green Revolution in India's rice zones as high-yield varieties are more widely used. This year the administration forecasts a total output of foodgrains—wheat, rice, sorghum, maize and millet—of about the same as last year's record 126m tonnes. As higher-than-average growth is expected in the output of India's commercial crops of ground nuts, sugar cane and cotton, it is reckoned that agriculture will continue to make a sizeable contribution to the economy's overall growth rate.

Last year's 15.20 per cent growth in the output of these commercial crops was a vast improvement on previous poor years. Even output of pulses, which has tended to decline over the past two decades, began showing a recovery. Tobacco, potatoes and onions have all been in excess, to the point where producers are being deprived of good prices. This is said to have affected, for example, many of those people who suffered in the cyclone which hit Andhra Pradesh in November 1977, who decided to plant tobacco in place of the crops that were washed away. In Uttar Pradesh sugar cane was destroyed or left uncrushed.

In the administration's judgment, the country's agricultural performance in 1977-78, one of the best years since India became independent, has vindicated its policies. Thanks to the huge additional area brought under irrigation—2.6m hectares extra last year, another 3m this year—officials reckon fully three-quarters of the wheat and half the rice output now comes from areas with an assured water supply. By March last year 50m hectares of the total area in crop of 170m hectares were under irrigation. If the weather turns bad, they say, the resulting dip in output will be less than ever.

Certainly the greater priority given to irrigation is paying handsome dividends. So too is the increased use of other essential inputs such as fertiliser and pesticide. Though this is to a large extent the natural consequence of the good rains and available water, a reduction in fertiliser prices by the Government no doubt helped as well.

There was also an encouraging increase in the use of phosphates as opposed to nitrogenous fertiliser. Last year alone consumption of fertiliser soared by almost 900,000 tonnes, and it could rise by almost as much this year, reinforcing the prevailing hopes of another good performance.

There was also an encouraging increase in the use of phosphates as opposed to nitrogenous fertiliser. Last year alone consumption of fertiliser soared by almost 900,000 tonnes, and it could rise by almost as much this year, reinforcing the prevailing hopes of another good performance.

Variety

The better performance also owes something to improved plant protection techniques, better extension services and greater stress on rural credit. In addition, thanks to the decision to free the internal movement of grain, people are not only free of shortages, they are also offered greater variety and at reasonable prices. So much confidence is there that, according to one assessment published in India recently, the country has emerged from its "scarcity trap" and the economy ought to be equipped to meet emerging agricultural surpluses. Exports are even mooted as a possibility, and last year India exported rice to Indonesia.

Against this backslapping must be set the Government's self-appointed task of tackling poverty and joblessness in the rural areas through agricultural development and the creation of small-scale industries. On this count it seems that, despite

the distressing lack of information let alone hard statistics, little has been done yet.

If there is to be any improvement in the plight of the landless labourers, land reform is essential. The Government's most radical critics say that is absentee landownership should be abolished and landowners should become land tillers as well. Landless labourers do not benefit from the Government's rural strategy, the argument goes, because credit, inputs and so on go to the better off: that is the farmers and middlemen.

Therefore, even if the local village shops are gratifyingly full, these labourers have little money to spend in them, for although their wages may have improved (broadly speaking), the benefit has been lost through inflation, a swelling in their own numbers and farmers' cutbacks in the use of labour.

Land reform is almost impossible, however. Landowners already have evaded those that have been applied, and the Government lacks the political will to do more. It is not a matter of dealing with few thousand large landowners; it is a matter of breaking up comparatively small holdings of land belonging to maybe 100m people—and then, if the radicals have their way, going over to collectivisation. The harsh fact is that India's bureaucracy probably would not be up to it even if the politicians were.

What is more, even now it seems that the beneficial "trickle down" effect will be small compared to the magnitude of India's poverty problem. Officials reckon that the detectable growth in demand in the rural areas for consumer goods such as soap, cloth and even gold cannot all be explained as purchasing by better-off landowning peasants.

All the same, some other means almost certainly will have to be devised to give substantial help to the landless labourer who is the target of the Janata strategy.

So far there has been only the "Food for Work" programme, in which labourers on public works programmes are paid in kind. A better opportunity is presented by diversification in agriculture, for example by the expansion of livestock farming, fisheries and forestry. Small-scale industries—weaving, handicrafts, carpets—offer another possibility, but the problems of credit, technology and marketing are all large. Rural banks are being established, but while repayment of loans poses a problem, the real difficulty appears to be a lack of demand rather than lack of collateral among those to be assisted.

For all these difficulties, the Janata Government clearly has a functioning agricultural policy.

If it is true that most of the benefits are going to the already better-off farmers of the Punjab and Haryana, as seems to be the case, still the expansion of irrigation, use of new varieties of seed and more intensive use of fertilisers are all helping the country as a whole. Quite how much Government policies have contributed to the upturn which began with the weather is unclear, and is mostly the pre-occupation of people in city offices rather than green fields. But if agricultural output continues to grow faster than the historical trend rate of 2 per cent, government policy will make a big difference between continued poverty and improved well-being.

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AFTER ITS remarkable foreign policy successes during its first year in office, the Janata Government is approaching the end of its second far less happily.

Events have not gone India's way, the earlier initiatives have been less productive than Janata hoped, and its own unsteadiness at home has been damaging.

Certainly things looked much rosier early last year. India's policy of "genuine non-alignment" had brought a closer relationship with the U.S. and contact with China on the super-power front, without harming more traditional links with the Soviet Union. It was a "good neighbours" policy closer to home held out real promise of improved relations with Pakistan, Bangladesh and Nepal and also with Afghanistan and Iran.

Now, although there have been significant achievements and India is both sought after by the super-powers and on better terms with all its neighbours, things still look less than satisfactory. Amid doubts about Soviet intentions, vast and unpredictable changes in China and U.S. uncertainty over Iran, India is less sure of the world around it than ever, and though strong, it has few reliable friends.

Improved relations with the U.S. have been hampered by the continuing problem of fuel supplies for the Tarapur reactor in Bombay. Underlying this is the vexed nuclear proliferation issue, over which both sides are reaping the consequences of their own understandable stubbornness.

Because of India's 1974 explosion of a "nuclear device," the U.S. no longer sees India as a non-nuclear weapon State. Under President Carter's non-proliferation legislation which comes into force next year, therefore, the U.S. will not be able to supply enriched uranium for Tarapur unless all nuclear facilities are under "full scope" safeguards. Tarapur itself, however, is under IAEA safeguards, and supplies for it

were originally contracted in 1963.

India, on the other hand, regards itself still as a non-nuclear weapon State, saying that the 1974 blast was a "peaceful" nuclear explosion. It believes the 1963 contract should not be superseded by Mr. Carter's legislation, and is threatening to find alternative sources of fuel. One such source is the spent fuel from Tarapur, now kept under water, which requires U.S. permission to be reprocessed but which Washington is in no position to take back to the U.S., as is its right.

Objective

India also says that it will not put its name to the nuclear non-proliferation treaty, as the U.S. wants, until a comprehensive test-ban treaty is signed by all the super-powers. This is a seemingly impossible objective, but Mr. Desai has gone out of his way to argue the disarmament cause, even though his protests about the discrimination in the non-proliferation treaty are directed at its very purpose.

For all the emotional aspects of the nuclear issue, both countries appear determined not to let it hinder progress in their relations on other fronts. Mr. Carter and Mr. Desai have a close rapport, and exchanged visits in 1978. Mr. Desai sees real compatibility between the U.S. President's emphasis on human rights and his own thinking. Under Mr. Carter, India has made a clear tilt towards India in South Asia, confirming its view of India as the pre-eminent power in the region.

Improved relations with the U.S. have been hampered by the continuing problem of fuel supplies for the Tarapur reactor in Bombay. Underlying this is the vexed nuclear proliferation issue, over which both sides are reaping the consequences of their own understandable stubbornness.

This recognition is what India is after from China as well, but again things have not moved fast as hoped. A Chinese trade delegation visited India in January, followed by a goodwill mission in March. But the much publicised China visit of India's External Affairs Minister, Mr. Atal Behari Vajpeyi, scheduled for October had to be postponed because of his illness, an unfortunate development for such an

important mission. He is now expected to go to Peking this month, but it is still far from clear what will emerge from the trip.

Judging by public statements, no one is expecting very much. India has been suspicious of China ever since its humiliating defeat in the 1962 war, and will be hoping for some sort of commitment to discuss the border problem, especially the northern area of Aksai Chin where in 1959 it was discovered that the Chinese had built a road, virtually annexing thousands of square miles of territory.

The timing of America's normalization of relations with India seems unlikely to help in all this, inasmuch as it strengthens the notion of a U.S.-China-Japan axis. Mr. Vajpeyi may therefore only return with promises of increased trade and cultural exchanges.

Even then the improved atmosphere will help India to normalise relations with its immediate neighbours, including Pakistan, whose attachment to China is close. Curiously though, India is not prepared to put its border dispute with China on ice, as it has been prepared to do with Pakistan.

To judge by its actions the Soviet Union is nervous over the prospective improvement in Sino-Indian relations, bending over backwards to favour India. As a result the Janata Government probably has more to show in this respect than its predecessor did, despite Mrs. Gandhi's criticisms that this relationship was being impaired by the Janata's policy of "genuine non-alignment."

The continuing instability in Pakistan, for example, is a vital element in all this. Although peace in Pakistan fears as much as ever the break-up of their country and imagine that their neighbours have such an objective in mind, developments in Afghanistan and Iran are said to have reinforced the opposite view in India, where Pakistan's role as a buffer state looks all the more necessary, if no closer to realisation under military rule.

India's relations with Paki-

FOREIGN POLICY

Changes bring doubts



Young girls sorting dried chillies in a field at Sonipat, Haryana

Trevor Humphries

with China at the expense of the Soviet Union.

India has nevertheless grown more suspicious of Soviet intentions, and this is widely regarded in the West as an important change in Indian thinking. Though India was one of the first to recognise the new Soviet-oriented socialist regime which came to power in Afghanistan last April, and Mr. Vajpeyi visited Kabul subsequently, India's private view appears to be one of concern about internal developments in Afghanistan, particularly if the consequences spill over into Pakistan. If they affect the southern Pakistan province of Baluchistan, which is the key to age-old Russian ambitions for a warm water port, India's and the West's worst fears about Soviet involvement in the region could be confirmed.

Magnified

These worries about developments in India's western front have been magnified by the Iranian crisis, although the practical problem of alternative oil supplies appears to have been resolved thanks to agreements with countries like Iraq. Relations with the Shah were good. When he visited India early last year there was much talk of regional economic cooperation, and Iranian investments in projects like Kudremukh, the biggest mining operation in the country, were of real importance. Now India watches developments in this and other Muslim countries with genuine concern.

The continuing instability in Pakistan, for example, is a vital element in all this. Although peace in Pakistan fears as much as ever the break-up of their country and imagine that their neighbours have such an objective in mind, developments in Afghanistan and Iran are said to have reinforced the opposite view in India, where Pakistan's role as a buffer state looks all the more necessary, if no closer to realisation under military rule.

INDUSTRY



Steel tubes in the making at Bharat Steel Tubes factory in Ganaur, Haryana. The factory can produce 200,000 tons of tubes a year

Test of confidence

MR. GEORGE FERNANDES, Minister of Industry, has recently been publicly giving himself a pat on the back. This is partly because of improved production in 1978 after a relatively dismal performance the previous year and partly because he thinks that both his and the Government's image only need to be improved. Yet there are still many imponderables on the industrial scene, and private industry and independent observers do not share Mr. Fernandes' exuberance while acknowledging the dynamism he has undoubtedly brought to his charge.

Overall industrial production is said to be running at the satisfactory growth rate of over 5 per cent and thus maintaining Mr. Fernandes' target of 7.5 per cent in 1978-79 compared with the meagre 3.5 per cent registered the previous year. But demand constraints have given way to supply difficulties. There are now shortages of some industrial raw materials—notably steel and power—which are being partly met through imports. The pickup in demand for consumer durables is not nearly as good, and there is considerable surplus capacity in items like refrigerators and others catering to what some like to call "elitist" demand. The "organised sector," reflected in the official industrial production index, is being closely monitored and is, on the whole, doing much better than in 1977, although the improvement is over a low base.

But the Government's success or otherwise in industry will be judged not so much by how far it has been able to remove the constraints that held up progress two years ago, or the percentage increases that some sectors are apparently showing. The test it must subject itself to is the success in translating into practice its policy of encouraging small and rural industries and thus making a dent in the employment problem that it has promised to eliminate in a decade (of which two years are nearly over).

Confidence

It must also answer how far it has inspired confidence in the private sector, as it has traditionally been defined, and this means the relatively large units in whose hands are critical areas of the economy. The Government will also have to answer for the sudden deterioration in the performance of the public sector to which a dominant role continues to be given.

Private industry can hardly be said to be happy with Mr. Fernandes' recent pronouncements favouring nationalisation of such key sectors as steel, aluminium and motors. He wants this ostensibly on the ground that these industries have not tried to make technological advances. This is substantially true of the motor industry, although it has not

really been encouraged to do so in a sheltered market for products that largely serve the better off. Yet suspicions of populist motivations in Mr. Fernandes' pronouncements must be strengthened when he refers to steel where just one of the five integrated plants is in the private sector (Tata Iron and Steel) and even there the equity holdings are widely dispersed. As Mr. J. R. D. Tata says, the concept of a mixed economy is in danger.

If steel availability has emerged as a constraint—the Government has decided to import 1.1m tonnes to meet the shortage—it is because of the poor performance of the public sector plants. These, in turn, blame the public sector coal industry for failing to meet their needs. It is also due to poor investment decisions in the past, which have meant that additional capacity is coming up slowly. The result is that the target of saleable production during 1978-79, set at a relatively low 1.8m tonnes, is unlikely to be achieved despite the increase in production.

The private sector, or that segment of which is described as the "large house," still faces uncertainty and is holding back on investment decisions. Recently, for instance, the guidelines on debt-equity ratio were changed to encourage them to find their own financial resources. Public financial institutions are now barred from coming excessively to their aid. There are sound reasons for this since the large houses seemed to have bagged a disproportionate share of public funds for their growth.

But this comes as part of the policy virtually to freeze their capacities at existing levels. At the same time, the Government is taking a "pragmatic" decision and encouraging the private sector to enter areas like cement and power generation; the large houses have licences in these sectors. This is a tacit recognition that there is a role for established private industry, mainly because of its managerial experience. But because of the official ambivalence, combined with lack of political will, its investment decisions are being held up.

Private industry, in fact, complains of constraints that are common to all sectors of Indian industry. These are among the reasons for the poor performance of the public sector also. Low coal production has hampered not only the efficient running of the railways and thereby caused a transport problem but also continued to affect power supply and steel output.

The power situation now is not as acute as it was—there has been a rise in generation by an impressive 14 per cent over the last year—but this is mainly due to hydro stations and not thermal, which continue to operate well below capacity. Remedial measures are being

taken, including import of generating equipment and installation of new capacity, but power shortages remain and retard industrial production.

So does labour unrest. Government efforts to prevent strikes and lockouts have proved largely unsuccessful, while inter-union rivalry continues and the new Industrial Relations Bill remains stalled in Parliament. In the latter part of 1978 and early this year there have been such major events as a dock workers' strike and bank workers' agitation which are threatening to cripple the economy. If bank workers begin an indefinite strike this month, the effects will be disastrous. The overall labour situation may be judged from the fact that in the first half of 1978, the number of man days lost was just over 8m, compared to 8.12m in the same period of 1977.

That industrial production has, nonetheless, done as well as Mr. Fernandes claims is remarkable. The growth rate in 1978 was maintained even after devastating floods twice inundated areas in the northern and eastern states and further enfeebled coal production by hitting the mine belt in Bihar and West Bengal.

There was, for instance, record production of cotton yarn in the textile industry, which increased by 9 per cent in the first nine months. Production of cotton cloth from the "organised sector," as mills are popularly known, increased by just over 2 per cent, suggesting that there was a substantial increase in the production of handloom and powerloom cloth.

This does not mean that the new textile policy, which gives a pivotal role to the National Textile Corporation, is yet a success.

Linchpin

But it does show that the industry which has the largest weightage in the industrial production index is functioning promisingly. Other sectors which have done well despite the constraints on production are aluminium, cooking fat, jute manufactures, fertilisers, oil and natural gas, commercial vehicles and tractors—many of which were lagging behind just a year or two ago.

Little is known, however, of the performance of the small units which are the linchpin of the Government's new industrial policy in the belief that they are employment generating.

A planning commission study shows that small industries account for a third of the industrial labour force with only 6.5 per cent of total fixed capital.

Units in the new "tiny" sector—with an investment of less than Rs 100,000 (\$6,200)—account for 14 per cent of employment with no more than 2 per cent of the total fixed capital.

It is also estimated that investment required to create

the public sector is expected to provide a degree of countervailing power to the growth of large houses. Not only is it expected to produce important and strategic goods of a basic nature; it is also to be used as a stabilising force for maintaining essential supplies to the consumer. The public sector also has the responsibility of encouraging development of ancillary industries and contributing to the growth of decentralised production by making available its technological and managerial expertise to small and cottage industries. Unfortunately, this policy decision has been taken at a time when the collective profits of the public sector have fallen sharply for the first time since it broke even five years ago.

In this context, the public sector is expected to provide a degree of countervailing power to the growth of large houses. Not only is it expected to produce important and strategic goods of a basic nature; it is also to be used as a stabilising force for maintaining essential supplies to the consumer. The public sector also has the responsibility of encouraging development of ancillary industries and contributing to the growth of decentralised production by making available its technological and managerial expertise to small and cottage industries. Unfortunately, this policy decision has been taken at a time when the collective profits of the public sector have fallen sharply for the first time since it broke even five years ago.

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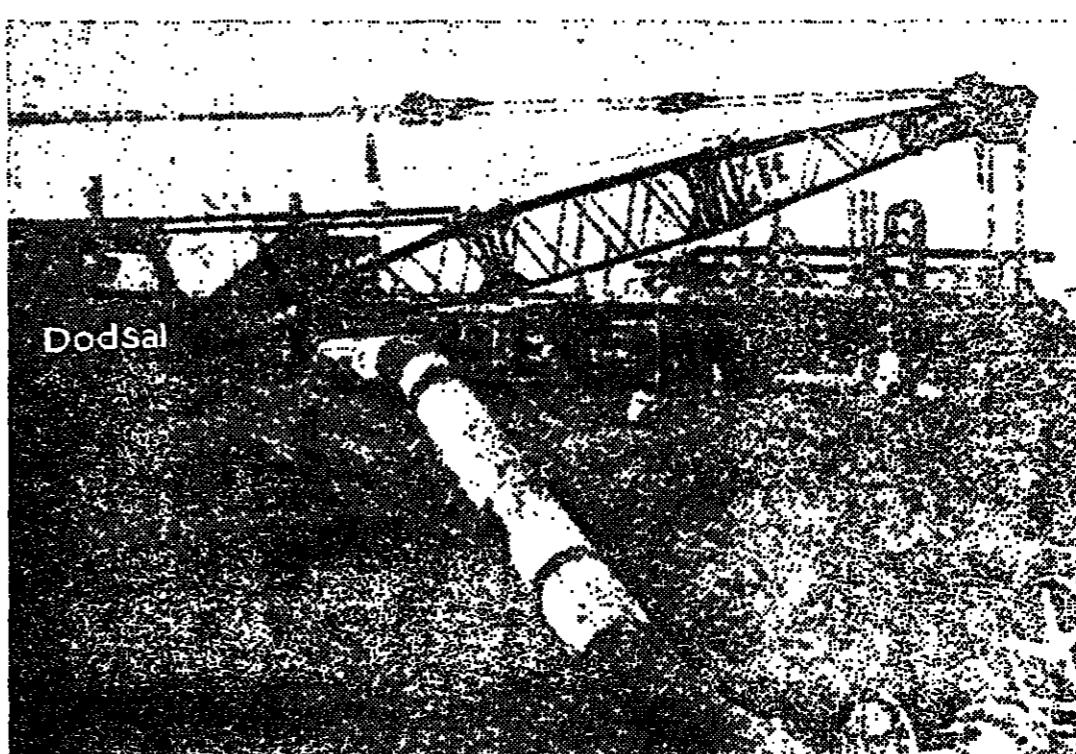
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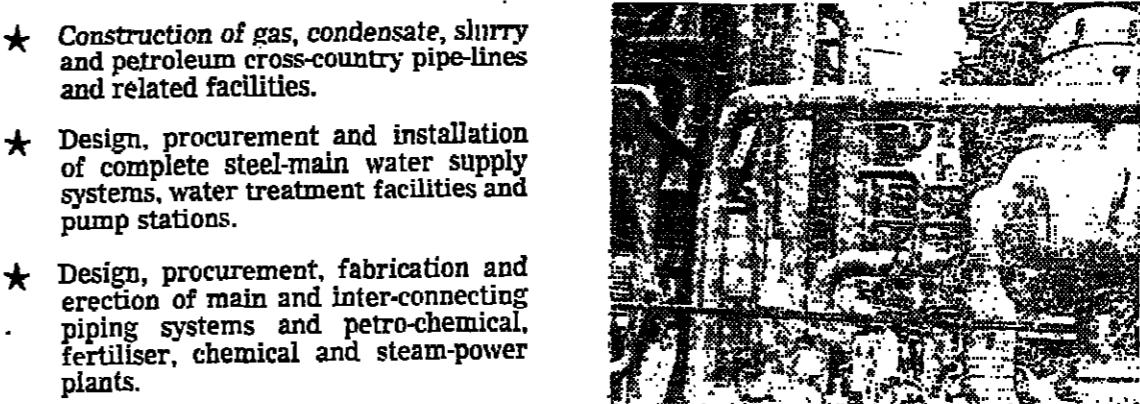
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Foreign policy

CONTINUED FROM PREVIOUS PAGE

tan have been mixed, which makes them better than 12 months ago, but again the year ended on a sour note. Mr. Vajpayee visited Islamabad in February, the first Indian Minister to do so in 16 years, and after a visit to New Delhi in April by Pakistan's adviser on foreign affairs, Mr. Agha Shahi, the two countries reached agreement on the design of a hydro-electric project in the still disputed Kashmir area.

But despite other positive signs—India sent sports teams to Pakistan, Pakistan purchased wheat seed from India and both countries agreed to establish additional consulates—the old antagonisms remain. The two countries twice failed to reach a trade agreement. India was

embittered by Pakistan's attempt at the UN Disarmament Conference to gather support for the idea of a nuclear-free zone in South Asia. And Pakistani statements on Kashmir provoked a strongly worded response from Mr. Vajpayee which he then had to correct.

Antagonise

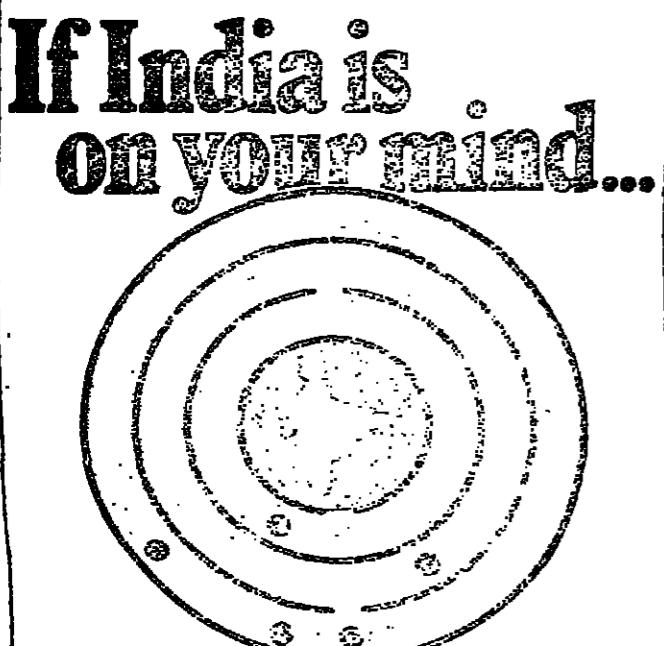
Mr. Vajpayee's justification for India's antagonism—the chase of Jaguar strike aircraft—he said Pakistan had decided to purchase F-5s from the US—a patent untruth—antagonised Islamabad almost as much as the deal itself, which was plainly aimed at Pakistan. However, with the troubles in Iran and the conclusion of a decree and co-operation between

the Soviet Union and Afghanistan, the possibility of an aircraft deal between Pakistan and the U.S. obviously looked greater, particularly as Britain's introduction of new arms technology in the region opened the way for the U.S. to bypass its own arms control legislation.

As far as India's other neighbours are concerned, the conclusion of transit and trade treaties with Nepal has marked a significant achievement for both sides. Likewise, where there had been fears in New Delhi about Bangladesh a year ago, these have now become less obvious as the country heads for elections and in the wake of an accord over the sharing of the Ganges waters.

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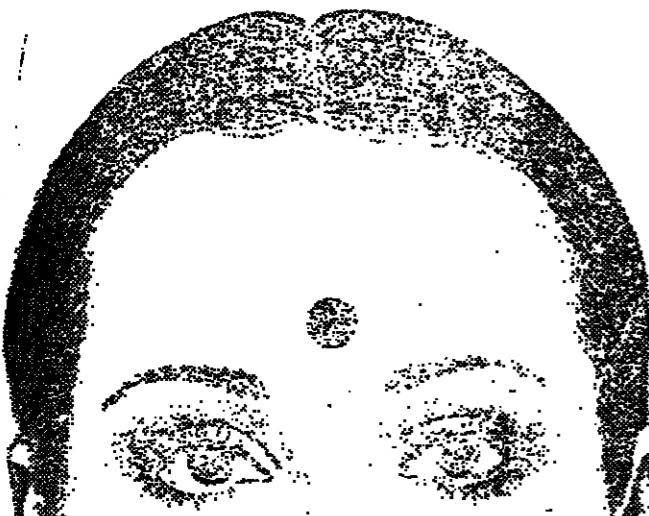
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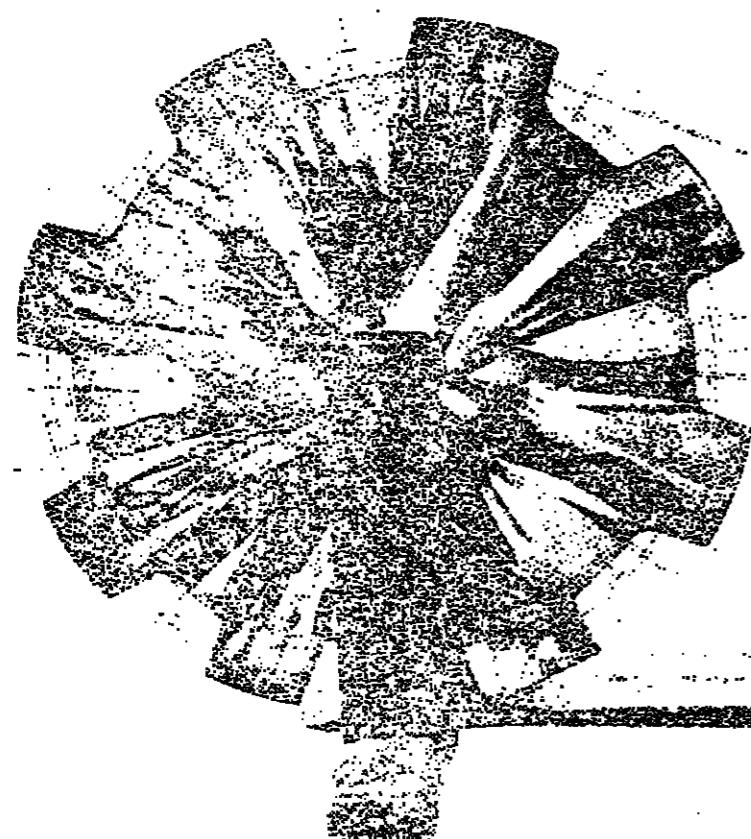
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CENTRE-STATE RELATIONS

Relations have often been strained between India's widely differing states, on one hand, and between the Central Government and the various state governments, on the other. Here, and on the following seven pages, Financial Times writers examine the prospects and problems of four states of the Union.

Demand for more autonomy

A GROUP of Nagas recently crossed into the neighbouring State of Assam in the mountainous north-east region of India and killed more than 50 Assamese.

This action had nothing to do with the secessionist demand in Nagaland which was abandoned some years ago. The clash was over "disputed" territory on the "undemarcated" boundary with Assam and was ominously reminiscent of a border quarrel between neighbouring countries.

Last month, there was a bitter row between a group of six relatively developed states and a group of eight "backward" states in a committee of the National Development Council, the supreme economic decision-making body in India.

The issue this time was the sharing of what, in the context of India's huge Rs693bn sixth plan for 1978-83, the relatively paltry sum of Rs2bn of Central Government funds.

The confrontation was very much like a miniature north-south dialogue and held up finalisation of the country's development plan.

Late last year, the Tamilnadu Government in southern India curtly sent back unread a communication from the Central Government because it was written in the Hindi language, unaccompanied by an English translation.

Hindi is India's official language but because of bitter and emotional linguistic quarrels and southern fears of "Hindi imperialism," English has been given the status of an "associate official language" as part of a complex "three-language" formula. The southern states still prefer to use what is a foreign language, in place of Hindi.

These are just three examples of recent strains in relations among different states, on the one hand, and between the Central Government and state governments on the other.

India's constitution provides for a "union" of states and not a federation. The difference is important because a "union" implies there is a single entity composed of various constituent units with clearly defined powers and a strong "union" government with residuary powers and not just a "federal" government with limited functions.

This is, of course, an oversimplification since India's elaborate constitution has divided Governmental functions into three lists—central, state and "concurrent"—and it has often proved difficult for the states to carry out their duties because of their limited revenue-raising powers.

The delicate balance between central and state powers, envisaged in the constitution, has not always worked. In the past 30 years, the Union Government has frequently used its discretionary powers to dismiss what it thinks are recalcitrant

or incompetent or even incompetent state governments.

This was possible for three decades because the central Government, dominated by the Congress Party with either the domineering Mr. Jayaprakash Narayan and Mrs. Indira Gandhi at its head, was considered "strong."

The situation has altered materially in the past couple of years for two reasons. First, the Janata Government at the Union level has been ineffective because of internal quarrels and because of the deliberate decision that it would not unduly interfere in the states' domain.

Secondly, parties with a national base no longer rule either at the centre or in the states.

With the emergence of regional parties, local forces and pressures have strengthened suddenly so that it often appears that the "union" of India is threatened with disintegration.

Latent

The threat was always latent. Because of India's territorial expanse, it is not wrongly described as a subcontinent. Many of its 22 states are bigger in size and population than some other countries. Each has its own customs and traditions—often complicated by subcultures—and their differences are exacerbated by linguistic difficulties.

India has 17 officially-recognised languages and so it lacks even the unifying link of a larger country, such as China. Consciously, state boundaries were redrawn in 1956 on a linguistic basis as far as possible and this has made the evolution of a national identity and ethos more difficult.

The creation of linguistic states meant, in effect, that they would be encouraged to perpetuate their separate identities. Simultaneously, they were to be part of a national mainstream. This apparently contradictory requirement created strains in the past but never reached critical point because of the dominance of a single political party for three decades while the aspirations of politicians to national position naturally led to power gravitating towards a strong centre. This is no longer so.

Demands for greater "state autonomy" have come from many quarters. From Kashmiri Sheikh Abdullah has advocated that the special position given to his state in the constitution should be extended to others. He should held meetings with his Marxist counterpart, Mr. Jyoti Basu, in West Bengal. Both have made contacts with other chief ministers of states not ruled either by the Janata or the Congress, the only two parties—with a doubtful claim to be "national" parties (doubtful because the Janata has no representation in the

south and the Congress is in power in just Karnataka and Andhra).

State autonomy has many aspects and its proponents have sought to disguise it in various garbs. One of its main spokesmen, the fiery and articulate Mani Bhagavan, Minister of West Bengal, Mr. Ashok Mitra, recently wrote with great cogency: "Who can deny that alongside with his Indian ethos and consciousness, each citizen of this great country also carries with pride and joy the consciousness of a separate linguistic-cultural ethos which can be described as the consciousness belonging to a nation. Woven into the tapestry of the Indian nation, there is at the same time a Malayalam consciousness, a Tamil consciousness, and so on."

There are points in other states which feel much the same, although the answer to this has always been that there is a unity in India's diversity. The truth is that behind the demand for greater state autonomy is resentment at the fact that the Central Government holds the purse-strings. The demand for autonomy is really at least for present, that for more fiscal powers. The states' have a great deal of responsibility and this increased with the allotment of more of the country's development plan—especially on rural development—to them.

Their political future depends on making a success of

the year plan and the funds to implement it.

This has stalled finalisation of the plan for more than a year and there is no certainty that it will be adopted in time for the next annual plan due to begin in April.

Another divisive factor is the new confrontation between the developed states and the developing (this does not include the eight "special category" states in the hilly border regions where just 1 per cent of the population lives and which get 30 per cent of the funds earmarked for development through central assistance). They are scattered all over the country and compared with world standards, all are really poor. It is, therefore, ironic that they should squabble or gang up for a share of the national cake.

The states have a strong case. The constitution has given them duties and obligations but kept the main taxation sources with the central government, including income tax, excise duties and customs. They allege that the sharing of the revenues collected by the centre for them on the basis of a statutory finance commission appointed every five years has been manipulated that the centre manages to bag vast sums that should rightly go to the states.

The recent report of the seventh Finance Commission, which will cover the next five years, gives the states more than they have ever had—but even this has not succeeded in silencing them. They still want a bigger slice of the sixth five

year plan and the funds to implement it.

This has stalled finalisation of the plan for more than a year and there is no certainty that it will be adopted in time for the next annual plan due to begin in April.

A weak central government has also meant increasing violence in the states. Law and order is a state subject, but the centre has vast discretionary powers including deployment of its own police forces (although this is legally possible at the state government's request).

The large central forces have remained largely idle and many voices have been raised in support of a "strong" Government at New Delhi. These are not untenable, since the constitution provides for firm guidance from the centre while allowing states considerable freedom.

There cannot be any final answer to the problem of centre-state relations and tensions. Certainly, it must now be recognised that India has entered an era of a plurality of parties and that, even in New Delhi, it is really a coalition with all the limitations this entails, that is in power.

This requires more tolerance and willingness to make adjustments, a give-and-take, through constant dialogue, if the country is to be kept together in the face of the new internal pulls and pressures that have emerged. This is possible if all concerned recognise that irritants and conflicts are inherent when the political complexities at the centre and the states are different.

K.K.S.

GUJARAT

Great strides forward



secret of the state's economic progress.

Most Gujaratis abroad retain close links with the community at home, both through the vital medium of the Gujarati language and the more tangible means of remitted money. But the bullish view of the future does not extend to politics. Since the late 1960s there has been no "natural" governing majority in the state, and more recently the Janata-based government there has reflected Janata's wavering resilience at the national level.

Just like the 75-foot high Shaking Towers of a 420-year-old mosque in Ahmedabad, where if one minaret is shaken the other inexplicably resonates with it, so in mid-January the tower of the ruling Janata Party in New Delhi was shaking with the Morarji Desai-Charan Singh confrontation, and Gujarat's Janata-based Government was reverberating on the verge of serious trouble as a result.

As often in India such political preoccupations threatened to hamper development, which in Gujarat has gone further than in most states. Gujarat is now India's fourth state in terms of income per head and output, behind Maharashtra, the Punjab and Haryana. At the moment it is probably second in terms of industrial activity. In Bombay—where most of the industry is controlled or run by Gujaratis—some industrialists reckon Gujarat is probably the only state which is genuinely growth-oriented.

Gujarat's drive for development owes as much to practical economic and political factors as it does to Gujarati talent. The state has derived enormous benefit from simply being the hinterland of the Bombay industrial complex. It has a traditional artisan population. And its economic base in cotton has been a sound one; textiles remain a product for which there is international and domestic demand and, equally important, workers in the 75 mills of Ahmedabad—the "Manchester of India"—do not strike.

This is because Gujarat is also Gandhi country. It was from Ahmedabad that Mahatma Gandhi launched his famous movement in 1930 against the British imperialists, and the hut and grounds from which he organised this agitation are now greatly revered. But among his other remarkable achievements,

Gandhi instilled a new labour philosophy into the area's workers, most of whom had benefited directly from his earlier "Baa" British textiles campaign.

The result is Gujarat's extraordinary industrial relations record. Arvind Buch, the leader of the key 125,000-strong Textile Labour Association, sums it up neatly: "The strike is like an atom bomb—it is a weapon to be used sparingly." This attitude has percolated elsewhere, making the area something of an attraction for businessmen hit by persistent strikes in Bombay.

Not that things are perfect on the labour front in Gujarat. One of the country's major private sector exporters of engineering goods, Gujarat Steel Tubes, is still struggling with the legal consequences of a protracted strike in 1973. And Ahmedabad's banks were among the worst hit in the country recently when bank employees went on a nationwide go-slow.

Gandhi is one, if the most famous, of three well-known political sons of Gujarat. The second, the late Sardar Vallabhbhai Patel, might have become India's first Prime Minister had Gandhi not chosen Nehru for the task. At Gandhi's insistence he co-operated with Nehru as Deputy Prime Minister.

The third, Morarji Desai, became Prime Minister in March 1977 after Janata's sweeping electoral victory over Congress. Ironically, Morarji's clash with Charan Singh over the past year in Delhi is with a man who thought he would have stepped into Sardar Patel's shoes. As Prime Minister had Gandhi not chosen Nehru.

The Janata movement, which Charan Singh believes he should have led, partly originated in Gujarat, another feature for which the state is well-known. It agitated against direct rule from New Delhi and won its demand for state elections in June, 1975, and as a result of its arrival in power (with the help of a supporting independent group) the state remained in opposition hands for more than half the period of Mrs. Gandhi's Emergency, until the alliance was broken.

Gujarat's experience of the Emergency was the unique, and the state suffered fewer of the excesses which gave that period such a bad name. This is one reason why a surprising number of people can be found harkening back to the days of the Emergency as a period when everybody—Government, administration, business, workers, the Press—worked more efficiently and responsibly.

Inasmuch as they now see a return to the familiar days when performance fails dismally to match promise, they believe Gujarat reflects the problems at the national level. In fact the lack of a clear majority in Gujarat makes the position more delicate. The state faces elections in March, 1980, before any other. Recent developments suggest this first true large-scale electoral test for Janata since

1977 could come even earlier. Crucially, Charan Singh has won over a key figure in the Janata alliance, a former Chief Minister named Chimunbhai Patel, and was due to speak at two rallies in the state at the end of January in a clear attempt to gather support in Mr. Desai's own state. The calculations were that if Charan Singh left Janata, or Mr. Desai resigned his office—both real possibilities in mid-January—the consequences would be felt in Gujarat first and would favour Mrs. Gandhi's opposition Congress Party.

Gujarat's Chief Minister, Mr. Babubhai Patel, feels there is too much emphasis on the whole matter by the Press and others, and that the lack of a proper perspective regarding the Government's achievements is psychologically unnerving for people. Speaking in his office in the state capital, Gandhinagar, a "garden city" north of Ahmedabad, he reels off impressive statistics showing how much his government has done to build roads, electricity villages, provide drinking water and expand irrigation.

Message

As at the national level, the message appears not to be getting across. Critics say there are no independent statistics, and suspect that the government's idea of electrifying a village is often simply extending transmission lines to the village boundary, where only someone with any purchasing power can use it. But nobody doubts that Janata's emphasis on agricultural and small-scale industrial development is essential to create jobs.

Another complaint is over poor lobbying on behalf of Gujarat in Delhi. Apart from the Prime Minister, the Finance Minister, the Vice-Chairman of the Planning Commission and the Governor of the Reserve Bank are all Gujaratis. But businessmen, in particular, have done some harm by bending over backwards to ensure that he does not favour Gujarat.

Ahmedabad is, however, becoming a centre where important national bodies are located. Among those established in the city are the Indian Institute of Management, the National Institute of Design, the Physical Research Laboratory and the Indian Space Research Organisation, all of which contribute to a growing reputation as a centre of scientific excellence. There is even a Community Science Centre which would be the envy of any major western city.

All told, Gujarat suffers serious problems of poverty, joblessness, underemployment and inequality, but it displays few of the tendencies to violence and social tension to be found elsewhere. But if great strides have been made, as most Gujaratis insist, they also acknowledge that the state's enormous potential is going unfulfilled because of political inertia.

C.S.

Economy looking up

GUJARATIS have mixed feelings about their State's economic achievements. Some prefer to see it as the seventh least poor rather than the fourth richest. Those who marvel at how much has been done must face others who stress how much there is to do. But all believe success breeds success and that the economic prospects are brighter there than in most parts of India.

Already Gujarat is one of the industrial power houses of the Indian economy, although there are few State-by-State figures to prove it. Apart from Ahmedabad's textile mills, which produce nearly 25 per cent of the cloth manufactured by Indian mills, the State has developed industries over the past decade or so in the fields of petrochemicals, chemicals, fertilisers, pharmaceuticals, dyes, stiffs and engineering.

But while some 28 per cent of Gujarat's 27m population is urbanised—8 per cent more than the national average—54 per cent of the people living in the towns are below the poverty line, as against a national average of 51 per cent. In the rural areas the figure is almost as high, at 48 per cent (national average 45 per cent), and this soars to 75 per cent in the eastern hills inhabited by the State's large tribal population.

Paradox

Given that Gujarat also has commercial non-food crops of cotton, tobacco, sugar and groundnuts, and newly-discovered natural resources of oil, natural gas and minerals, it is one of the States which neatly illustrates India's ultimate paradox: it is both very rich and very poor. To help unravel the contradiction the Janata-based State Government is following its counterpart in New Delhi by trying to develop the infrastructure, small-scale industry and agriculture of the rural areas in an attempt to create jobs and purchasing power among the poor.

So far it claims to have achieved a good deal. Comparing his Government's first year in office to the last year of the previous one, Mr. Babubhai Patel, Gujarat's Chief Minister, says three times as many villages were given drinking



Mr. Babubhai Patel, Chief Minister of Gujarat

water, twice as many were electrified and three times as much water was put into roads.

The leeway to be made up remains large, however. Only a third of Gujarat's villages are connected by all-weather roads, a mere 45 per cent of all villages have electricity, and just a quarter of all walls are electrified. There is a huge need for irrigation: more than a third of the State is prone to recurrent drought, and only a sixth of its cultivable area is under irrigation.

This figure for irrigation will change dramatically over the next five to 10 years now that agreement has at last been reached with the neighbouring State of Madhya Pradesh and



Mr. Dineshbhai Shah, Gujarat's Finance Minister

Maharashtra on the World Bank-financed Narmada Dam. The dispute over the ambitious Rs15bn project lasted 20 years and, because it involved the size of the area to be flooded by the lake, came to focus on the height of the dam wall.

Although a compromise on the matter has been reached (the wall will be 480 feet high), Gujarat's agricultural output has undoubtedly suffered by the delay. Now 4.5m acres will be brought under irrigation—more than the whole area presently being irrigated in the State.

The project may also make a dent in the vast number of unemployed among Gujarat's 2m landless labourers, as well as give a boost to the State's agricultural output. Gujarat produces about 30 per cent of India's cotton and over 20 per cent of its groundnuts, and production of both has increased at faster-than-national rates over the past 15 years. The same is true of foodgrain production.

Inevitably the State wants more development projects than it has the money for. "Our requirements are far greater than our resources," says Mr. Dineshbhai Shah, Gujarat's Finance Minister, "and we have to set priorities. At the moment irrigation is more important than roads." But if development budgets are therefore in deficit, the State's revenue account is usually balanced easily, with sales tax the main source of income.

As part of its development strategy the government has devised a package of financial incentives to attract industries into rural area growth centres rather than along the 500-km ribbon of development between Bombay and Ahmedabad. Cash subsidies, sales tax exemption and interest-free sales tax loans are offered to small, medium and large-scale industries, but the criteria of eligibility are strict and businessmen complain that the measures are inadequate for the task.

In terms of general industrial activity Gujarat and Maharashtra stand out as the most buoyant States. In the 18 months since April 1977 they are said to have received 42 per cent of the 640-odd industrial licences issued, well over 300 letters of intent, and over 50 per cent of the loans and disburse-

ments from Government financial institutions.

How far this activity is actually in line with the Gujarat government's own economic priorities is unclear. It says that District Industries Centres—which are supposed to be the driving force behind Janata's "small is beautiful" strategy—have been established in 16 of the 19 districts of Gujarat. But while training of officials is going ahead at the Indian Institute of Management, for example, the whole idea is regarded with scepticism because of the practical problem of persuading people to work and live in the rural areas.

One highly successful small-scale industry has been diamond cutting, with much of the product going for export. Indeed, in export terms generally Gujarat is one of India's most successful States, although the export processing zone at Kandla is widely acknowledged to have made little progress.

In the case of Gujarat Steel Tubes, for example, which is the country's largest producer and exporter of steel pipes, a breakthrough deal with the people of Kunming in China—the first of its kind between the two countries—has been severely affected. Having contracted to deliver 20,000 tonnes of steel tubes in six months, the company suddenly found itself facing an unexpected shortage of mild steel at the beginning of 1978. It was only in October that time prices were high, and China is now receiving delayed but inexpensive steel tubes.

But Gujarat's real economy is not to be found in such accounts. It is to be found among the self-employed garment dealers, handcart pullers, vegetable vendors and junksmen who earn anything between Rs 50 and Rs 300 a month, or out in the fields among the landless labourers working on someone else's soil or on public works in exchange for food.

It is also to be found in the altogether more sophisticated "parallel economy"—in the market for smuggled electronic goods and alcohol, in the cash premium on goods temporarily in short supply, and in the kickbacks and corrupt payments made in "black money."

In Gujarat as elsewhere it is these activities which belie the statistics that 1.1m people are "employed" or that agricultural activities contribute less than 40 per cent to the State's domestic output. And it is these which keep Gujarat's economic wheels well-oiled.

C.S.

problems are perpetually troublesome (save during the Emergency). Gujarat stands out like a haven of peace. Although it is affected by nationwide strikes and by unavoidable local problems, the State's record is for the most part envied elsewhere.

On the other hand, supply constraints are hitting factories in Gujarat as much as in other States. Shortages of power, of available railway wagons, cement and steel are all hindering growth and although a comparatively liberal import policy is helping to alleviate the problem the process is far from speedy.

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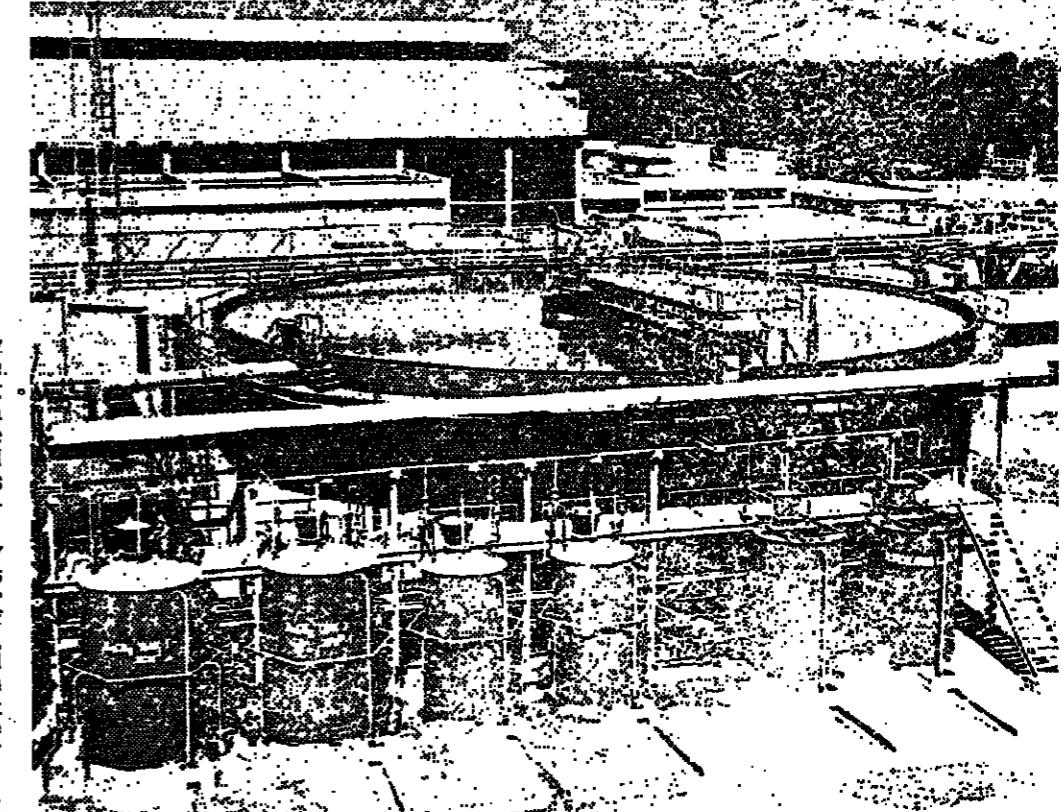
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C.S.



A section of the Gujarat Alkalies and Chemicals plant. The state has invested heavily in the chemical industry during the past decade

PROFILE: ARVINDBHAI BUCH

ARVINDBHAI BUCH is quite clear about the task facing him as head of one of the best organised trade unions in the country. "The best labour leader, like the best doctor, is one who doesn't let his patients cry."

But he is even more certain of his over-riding objective: "I am not interested in socialism if it has priority over unemployment."

At 58 he is a trade unionist to the core, having spent most of his working life with the Textile Labour Association, including 20 years in the complaints department. He and his 125,000-strong union have been moulded in the Ahmedabad textile mill environment which Mahatma Gandhi used as a laboratory for testing his trade union techniques.

The principles they follow are therefore simple. Workers and leaders must make reasonable and just demands, insist on the minimum and be prepared to compromise. The strike is the last weapon in the worker's armoury, to be used only when every other avenue has been tried. If it is used, there should be no reliance on funds from elsewhere. Above all, the struggle for justice should be peaceful and non-violent, even

under provocation.

Local businessmen vividly recall that a few years ago, when there was a "people's agitation" in Government offices and Gujarat was virtually closed after smaller unions all called their people out, the textile workers went right on working and the mills stayed open. The event has become part of history.

Arvind Buch maintains close touch with high and low. Trade unionists from abroad, ministers and officials from New Delhi and businessmen from Ahmedabad beat a well-worn path to his door. All learn something from him. Workers from 75 local mills also clamour to see him—and he learns from them. He says he depends on them to keep an eye on his own 200-strong union staff: "It is the workers who educate us."

Gandhi's aim was always to create organised strength, so Arvind Buch does more than represent textile workers. He is in the vanguard of an incipient movement to organise the three great unorganised groups of workers in India: women, youth and landless agricultural labourers.

"I am the only male working for the women's liberation movement in India," he claims stoutly. As president of the Self-Employed Women's Association in Ahmedabad, which he helped to found, he probably is.

"There are 20,000 women performing some economic activity in Ahmedabad," he says.

"They are selling fish and vegetables, pulling hand-carts, collecting junk. They are the great economic force in the poor family, and no notice is taken of them."

He has therefore helped set up a working bank for them. The bank, in the TLA building, pays 8½ per cent on deposits, which are put in a nationalised bank at 10 per cent. It lends, maybe Rs 100 or Rs 200 at a time, at 12 per cent—a rate hundreds of times lower than that available from the hated money-lenders. He wants 1,000 better-off women to deposit Rs 1,000 each for three years to make the bank work even better.

Arvind Buch's help for youth is just as radical. His problem is educated unemployment—a shortage of jobs for those with some education but no technical qualifications. His proposal: blue collar jobs for white collar persons. The experiment embodying this is called YES, for Youth Employment Service.

The next step is to tackle the problems of the landless labourers. Arvind Buch is under no illusions about the enormity of the problem before him. That is why he says he doesn't care what government is in power as long as it tackles unemployment. He believes poverty is a challenge to the trade union movement. And he has the inner strength of all real Gandhians to face that challenge until the day he dies.

C.S.

Which organised sector of Indian economy covers over 70 million of its people... the public or the private?

NEITHER !!!

The cooperative movement in India, involving over 70 million people, is now the largest and most diversified in the world, touching almost every sector of Indian economy and generating economic activity exceeding £ 10,000 million per annum.

As a major instrument of rural-oriented economic development, cooperatives provide agricultural credit, supply farm inputs, market agricultural produce, run agro-processing industries, distribute essential consumer articles and are engaged in a wide range of ancillary activities like dairy, poultry, fisheries etc.

In the primary field of agricultural credit, the cooperatives are extending a whole range of short, medium and long term loans that may amount to over £ 850 million in 1978-79 as against the total requirement of £ 2,000 million for the whole country.

Another remarkable performance of cooperatives has been in the field of production and distribution of chemical fertilizers and other farm inputs. In 1977, the cooperatives distributed fertilizers worth £ 500 million which was over 60% of the total supply in the country. In fact, the largest producer of fertilizer in India, the Indian Farmers Fertiliser Cooperative Limited (IFFCO) is also the largest Cooperative Society in Asia.

The development of cooperative agro-processing industries has been phenomenal. The cooperative sugar factories, numbering 130, account for 49% of the total sugar produced in the country. In addition, there are 711 cooperative rice mills, 290 cotton, ginning & spinning mills, 150 cooperative oil mills etc. The dairy cooperatives at primary level

have increased to 24,500 covering 2 million milk producers in the country.

The cooperative marketing structure, incorporating 3,200 primary marketing cooperatives and 25 state level cooperative marketing federations, covers most of the market centres in the country. In 1977, the agricultural produce marketed by cooperatives crossed £ 950 million. In fact, NAFED, the apex organisation is now exploring export markets with impressive results. Items already being exported include onions, potatoes, pulses, cardamom, niger seeds, sesame seeds, HPS groundnuts etc.

The consumer cooperatives have been developed as a part of comprehensive public distribution system. This network now comprises of about 19,000 cooperative retail outlets of different sizes. The value of consumer articles distributed by cooperatives crossed £ 360 million in 1976-77.

In planning, promoting and financing the growth of cooperatives in the country, the National Cooperative Development Corporation has played a pivotal role. Its investments in the programme already exceed £ 160 million.

The achievement of cooperatives in India have attracted the attention of international organisations. The World Bank, the EEC and the Cooperative League of USA are among the agencies who have associated themselves with the development of cooperatives in India.

COOPERATIVES—A SHIELD FOR THE WEAK

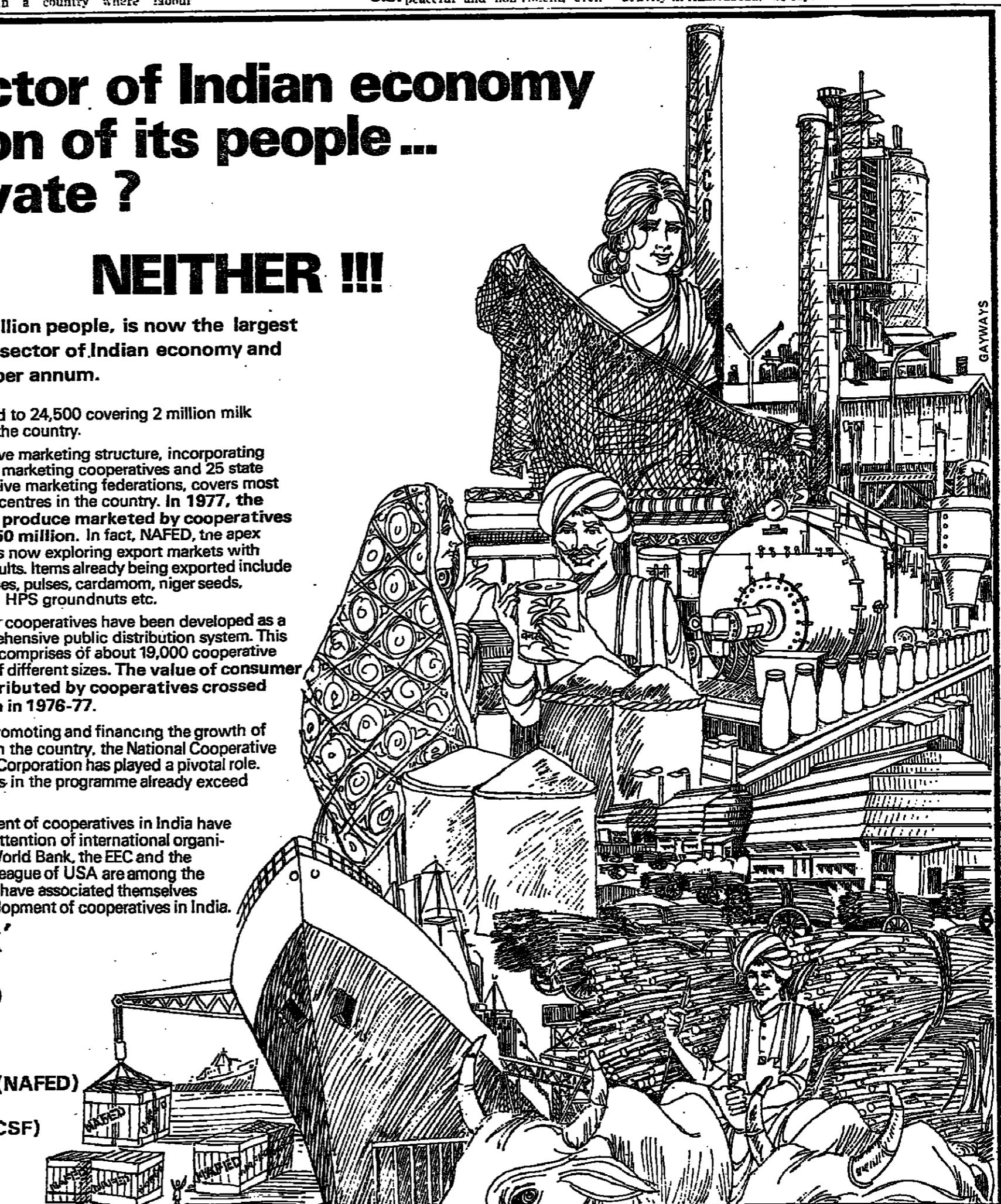
National Cooperative Development Corporation (NCDC)
Eros Apartments, 56, Nehru Place, New Delhi-110019 Telex : 31-3559

Indian Farmers Fertiliser Cooperative Ltd. (IFFCO)
34, Nehru Place, New Delhi-110019

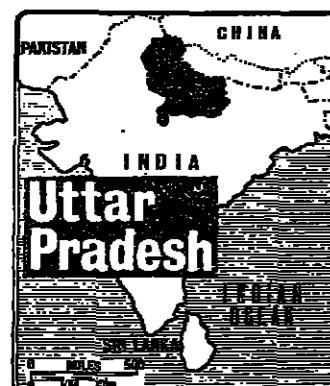
National Agricultural Cooperative Marketing Federation (NAFED)
64, Sapna Building, East of Kailash, New Delhi-110024 Telex : 31-3254

National Federation of Cooperative Sugar Factories (NFCSF)
Vaikunth, 3rd Floor, 82-83 Nehru Place, New Delhi-110019

National Cooperative Consumers' Federation (NCCF)
92, Deepali, Nehru Place, New Delhi-110019



Unemployment brings mounting tension



WITH A population of 100m, Hindi speaking and the heartland of the Hindi belt of Northern India, adjacent to the federal capital of New Delhi and watered by the country's two holiest rivers, the Ganges and the Jumna, the state of Uttar Pradesh feels that it is the most important in the union. Though there have been occasional attempts at break-away movements within the state to carve it up into units of manageable size, they have never made much headway against UP's belief that its size is its best protection against any loss of political power. Apart from Mr. Morarji Desai, UP has provided all of India's prime ministers since independence. The town of Allahabad in the east of the province was the family home of Jawaharlal Nehru, where his daughter Mrs. Gandhi spent much of her childhood. Lal Bahadur Shastri was educated at the Hindu Kashividyapith University in Varanasi (Banaras).

Before independence, UP (then called the United Provinces) was at the centre of the Congress Movement and the agitation to end British rule in India. More recently it was where Mrs. Gandhi received her most stunning reversal when all

85 constituencies in the state voted Congress out of power in the general election of 1977. It is ultimately where Mrs. Gandhi must stage a comeback if she is ever to return as India's Prime Minister.

Historically what is now the territory of UP is the spiritual centre of Hindu civilisation—commemorated in the Hindu epics of the Ramayana and the Mahabharata and revered today by countless pilgrims visiting Varanasi or attending the major festivals at Allahabad or Hardwar. Before it was the cradle of Buddhist culture—where Buddha preached his first sermon and performed some of his greatest miracles.

In UP as well the Mughal Empire left some of its finest monuments. Akbar in the 16th century made his capital at Fatehpur Sikri, and Shah Jahan put up his most lavish architecture at the Taj Mahal in Agra. When the Empire as a whole went into decline, Lucknow still continued briefly to flourish as the capital of the Moslem principedom of Avadh (Oudh). Its wealth captured the imagination of the British of the 18th century, who gathered up what booties they could before a self-righteous House of Commons put Warren Hastings on trial for plundering the province.

The state still has the largest concentration of Moslems in the union—about 15m. The wealthy among them and those who were recruited by the British into the senior ranks of the civil service or the army for the most part left for Pakistan at the time of partition or later. Only three Moslem members of the former Indian Civil Service appeared to have chosen to remain in India after independence. The Moslem population is now split between Shias and Sunnis—a rivalry that occasionally erupts in rioting. At Aligarh in the south west of the state

the scene of recent communal disturbances between Hindus and Moslems—is the main Moslem theological college in the country.

Signs

But for all the glory of its past there are signs that UP is now losing its power. Before independence it could still be said that it was one of the richest states in the union. But now its agriculture has fallen way behind that of other northern states such as the Punjab or Haryana. It has failed to attract the heavy industries sponsored by the central Government that went for instance, to West Bengal or Karnataka. There has been little of the private investment which gravitated round the former "presidency" towns of British rule—Calcutta, Bombay and Madras, which were also the country's financial centres—or more recently towards Delhi. In UP there is not the same entrepreneurial pushiness as in Gujarat or Maharashtra. It has also suffered from a series of weak state governments—of which the present Janata administration of Mr. Naresh Yadav is one of the least effective—who have failed to push development or press the central Government hard enough for funds.

UP is also the state in which Brahmins and other upper-caste Hindus have been strongest in number. About 15-20 per cent of the population of eastern UP are said to be Brahmins, compared with as little as 2 per cent in southern states like Tamil Nadu. But as elsewhere in India the Brahmins are finding their old privileged position, which required little work but accorded them great respect, is being eroded. They lost out under land reform and now feel their influence in government is being

threatened. The most bitter controversy in the state at the moment is over the new state government policy of reserving 15 per cent of jobs in government service for the so-called "backward castes" (not to be confused with the Harijans who are genuinely the downtrodden section of the community and have had jobs reserved for them for a long time).

In practice the backward castes are the increasingly prosperous peasant class of Ahirs, Khumis and Yadavas—cultivators and cowherds—men who have advanced themselves since land reform gave them plots of their own. For them the Janata victory of 1977 has also meant a great increase in political power and they are now using it in a blatantly partisan way to consolidate their economic position by reserving to themselves jobs in the government service, which are the more precious for being in such short supply in a province of high unemployment. The Chief Minister of UP, Mr. Yadav, is from this caste. A man with little administrative experience before he came to power, he was chosen as head of government by Mr. Charan Singh when he was union Home Minister. Charan Singh is the symbol in the state of this new aggressive farmer class. He has an enormous personal following in the north but hardly any support in the south.

Mr. Yadav's policy on reserving jobs is being fiercely contested by the upper castes. The conflict threatens to split the Janata government in the state, which is formed from a coalition of the farmer class and members of the Hindu Jan Sangh party that traditionally has drawn its support from the trading community or higher-caste Hindus. The Jan Sangh members of the government have openly denounced it.

But those most affected by it are college students from higher caste backgrounds, who form the bulk of the university population in the major cities of the state and are the most desperate for jobs. Instead of joining left-wing or Marxist organisations as they did in the past, they are now swinging towards the militant Hindu communal organisation the RSS (Rashtriya Swayam Sevak Sangh), which is also recruiting widely in the towns. Over the last two years most of UP's universities have been effectively closed because of continuing demonstrations. Youth leaders often carry country-made guns or knives. At Lucknow university 23 battalions of police were this year called in to keep order during the law examinations, but even then the examinations had to be abandoned.

Some idea of how high tensions run can be gathered from this extract from a report in the Lucknow Pioneer of January 15, though allowance must be made for exaggeration.

Fury

"The mob fury in the wake of the anti-reservation agitation continues to rage in parts of central and eastern Uttar Pradesh with fresh reports of violence pouring in from half a dozen places to the state headquarters today... According to a report from Faizabad, the anti-reservationists set fire to a junior high school... Another report from Pilibhit said students set on fire a Bilaspur bound bus... Meanwhile academic life in over 20 districts of the state has been completely paralysed due to the agitation. All educational institutions in the violence affected districts have been closed for an indefinite period."

While these demonstrations go on, there are also widespread



Trevor Humphries
A craftsman paints a large urn at the Chinbat Potteries near Lucknow. The pottery was set up by the Small Industries Corporation which is run by the Rural Industries Board

clashes in the villages. Parallel to their attempt to wrest more jobs in the government service from the higher castes, the emergent peasant community is also determined to resist the demands of those below them (the Harijans) for higher wages or a stake in the land. Instances of Harijans' houses being burnt down or Harijans themselves forcibly seizing land are not as common as in neighbouring Bihar, but are growing. Harijans and the upper castes thus find themselves in political alliance. The Moslems also feel threatened by what they see as a deteriorating law and order situation. Most worrying to them is that they feel that the Janata Government is increasingly parochial.

A further reason why UP is slipping behind is that there is not the same sense of regional identity in the province as in Bengal, for instance, or Karnataka, with their more obvious linguistic and cultural boundaries. Uttar Pradesh means Northern District—as distinctive a name for the state as its former British title of United Provinces. There is as yet no history written of UP although a good many of Bengal and

Karnataka. The state has produced few Hindi writers of note. Its Hindi films are mainly made in Bombay. Although it binds together as a whole, there are rivalries and tensions between its different regions.

The richest part of the state is in the west between Meerut and Delhi, which has benefited from the Jumna irrigation system. Charan Singh has at times proposed that this area should be removed from UP and joined with other parts of the Punjab and Haryana where his own community of Jat farmers are dominant. The eastern wing of the province puts down its backwardness not only to the absence of such a developed irrigation system but to the legacy of British rule. They claim that the British always penalised eastern UP in the revolt of 1857 (the Indian Mutiny); the east put up the toughest resistance. It was a man from Ballia in eastern UP who fired the first shot against the British.

There have also been periodic breakaway movements in eastern UP, which has a long tradition of secession. In the 1950s the landless organised a

David Housego

A woman MP with winning ways

PROFILE: MOHSINA KIDWAI

MRS. MOHSINA KIDWAI, a quiet efficient woman, sees herself as the advance guard of Mrs. Gandhi's return to power in Uttar Pradesh. In May 1977, after Mr. Naresh Yadav resigned from the National Assembly to take up the post of Chief Minister of the Janata administration in UP, Mrs. Kidwai stood for the vacant seat of Azamgarh as a candidate of Mrs. Gandhi's faction of the Congress Party. It was the first by-election after Congress had been swept from power in every constituency in the state in the general election a few months earlier.

The timing was right and so were her credentials. The small farmers who had backed Mr. Yadav to the hilt the year before were fed up that sugar prices had slumped and that about 40 per cent of the crop was lying in the fields uncut. The Janata government had also just made sales of gold from the reserves, depressing the local price—to the anger of villagers who ate as their main form of savings.

Mrs. Kidwai, a mother of three, is a Moslem and so could look to the support of her own minority community which had shown its anger against Congress—provoked by the sterilisation campaign—during the general election but which has since seen the Janata Party as a part of their interests. She could also count on the support of the Harijans, who were disenchanted with a Janata government which seemingly turned a blind eye to violence against the Harijan community. Mrs. Kidwai is not a forceful speaker, but with her opponents divided and the minority groups on her side, she carried the day. She is now the only Congress MP in the parliament from a state that was once the party's stronghold.

She is also president of the UP Congress Party and officially she is Mrs. Gandhi's lieutenant

much doubt been actively involved in the campaign, and probably some of the violence, against the state government's reservation policy which, in practice, will mean more posts for the increasingly prosperous peasant class. The UP Congress has declined to take an official stand on the subject but Mrs. Kidwai says that reserving jobs on the basis of caste will not solve the problem of helping the poorest. The distinction should have been made on the basis of incomes, she says.

Most of Mrs. Kidwai's family, like most of the Moslem elite of the province, moved to Pakistan at the time of partition or have settled there since. She herself was educated at the well-known Women's College in Aligarh. Her father was an active member of Congress during the struggle for independence and, underlying her commitment to India, she says that her maternal uncle, Shafiqur Rehman Kidwai, became the first Education Minister of Delhi state after independence.

She was active in social work before going into politics, helping the poor Moslem weaver-class and setting up a number of schools and craft centres. She was elected to the state legislative council in 1962 and to the state assembly in 1974. After holding a junior ministership in the UP government she became a cabinet minister in 1975 with special responsibility for social and Harijan affairs.

One of her main tasks now is to revive the Congress Party organisation in the province in time for the next general election, which must be held by 1982. After her success in the by-election at Azamgarh, Congress failed to win a second by-election at Faizabad in UP at the end of last year. She blames the defeat on irregularities in the voting lists, to Harijans being prevented from going to the polling booths or being intimidated and to the massive effort the Janata party put into the contest by sending many Cabinet members to the constituency. Nonetheless, she feels that the prospects for Congress and Mrs. Gandhi in the province are bright.

D.H.

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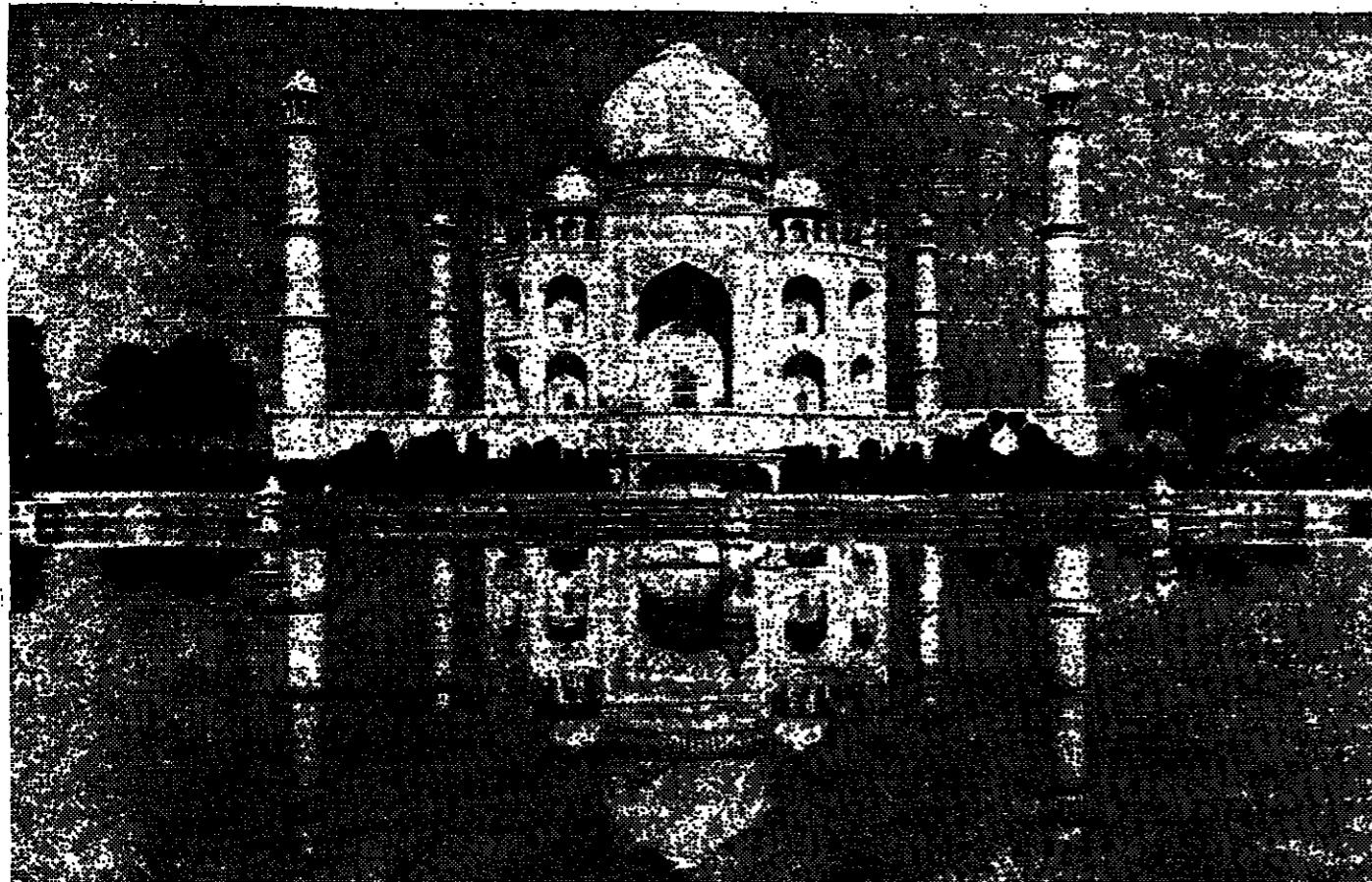
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UTTAR PRADESH

INDIA XI



One of India's major tourist attractions: the Taj Mahal in Agra

Trevor Humphries

Meagre growth in state economy

"LET Uttar Pradesh have the Prime Ministers," a senior politician from the south once said, "but we will have the economic development." And so it has turned out. UP politically dominates the union but by almost any economic yardstick it has done badly since independence.

The state economy has grown at a meagre 2 per cent a year since 1960, as compared with an average for India as a whole of over 3 per cent. Of the larger states it has the lowest income per head, a reflection of its being one of the most densely populated and with one of the highest levels of unemployment. Only two other states—Bengal and Bihar—have received smaller allocations from the central Government on a per capita basis under the five-year plans begun in 1950. Both Bengal and Bihar, however, have benefited from a large number of centrally sponsored industrial projects to take advantage of their coal and iron resources. From 1950 to 1960, the UP Finance Ministry maintains, the state did not obtain any of the major projects that the central Government undertook in developing steel, heavy engineering, chemicals or in extending the country's basic infrastructure. Its share of centrally financed industrial projects is still small.

Investment

Private sector investment in manufacturing was in the past largely confined to textiles and sugar mills, industries that are now suffering from old equipment and inadequate returns. Kanpur, the centre of the state's textile industry, is now a decaying town. There has been some new private investment in electronics, glass, diesel engines, electrical goods, agricultural machinery, chemicals and fibres in both Kanpur and towns like Meerut, Ghaziabad, Mirzapur and Varanasi (Benares), but the rate has lagged behind the national average. UP lacks the advantages of having a financial centre like Bombay on its doorstep, which has helped promote new ventures in Maharashtra and Gujarat—and it has not had the spur that Karnataka has had from large central Government investment in engineering. The major manufacturing houses of the state—Singhania, Konoria, Modi and Jaipur—are not national names in India.

Although 78 per cent of the labour force is in agriculture, grain production since 1950 has only grown at an average of 1.9 per cent a year, below the rate for the country as a whole and below the growth of population in the state. Destruction of crops from the flooding of the Ganges and the Jumna has wiped out many of the advantages that should have come from the country's two largest rivers passing through the state. Apart from the Jumna canal system in the north west, irrigation has proceeded slowly. Only 42 per cent of the cultivated land in the state is now under irrigation and much of it only partially.

This unsatisfactory picture is redeemed in two ways. UP has a long tradition of handicraft industry—silk, carpets and brassware in Varanasi, leatherwork in Agra and Faizabad, handloom weaving throughout the eastern part of the state, cutlery in Aligarh and Meerut. Both as a result of government incentives and of growing demand this is still expanding. The carpet industry around Varanasi has received an enormous boost in recent years from the slowing down and now the virtual halt of carpet exports from Iran. Small-scale industry has also extended into the manufacture

of light industrial goods such as nuts and bolts, flashlights, steel and wooden furniture. In Varanasi alone, which has a Chamber of Commerce with 52 manufacturing or trading associations affiliated to it, there are about 400 such small-scale units.

The Chamber of Commerce, reflecting a widespread grievance in UP, says that both small-scale and medium size industry would grow faster if the state government did not impose a sales tax at a higher rate than that in other states. This discourages new units from establishing themselves in UP. The Janata Party promises to abolish it before the state elections last year. In power it has found that the sales tax accounts for 40 per cent of state revenue and that there is no way of being rid of it.

The other brighter feature is that agriculture has prospered in the western districts near Meerut. Yields are almost as high as in the neighbouring Punjab. The west has benefited from the irrigation system of the Jumna. But the Jat community in the area also form an energetic class of farmers who have worked the land themselves as compared with the old pattern in eastern UP where Brahmin landlords employed day labourers or share croppers to do the work for them. The west has also had the advantage of being close to the large market of Delhi and of its villages being connected by an extensive road system. In the east communications are bad, impeding both agriculture and village industry.

Priorities

In line with both its own priorities and the philosophy of the Janata Government UP is now concentrating its state expenditure on agriculture and power generation—which will absorb 40 per cent and 20 per cent of the state budget respectively. Results are beginning to show. Consumption of fertilisers increased by 30 per cent for this year's Kharif crop as compared with last. A crash programme has been initiated for helping farmers to install 120,000 tube wells this year, each to irrigate five hectares of land. UP last year contributed nearly half of the newly irrigated land in the country—about 4m acres. Expenditure on irrigation at current prices is rising from an average of Rs 150m a year over the last six years to Rs 750m in 1977-78 and a planned Rs 149 in 1978-79. Much of the increase in newly

D.H.



A merchant weighs potatoes at a market between Agra and Fatehpur Sikri

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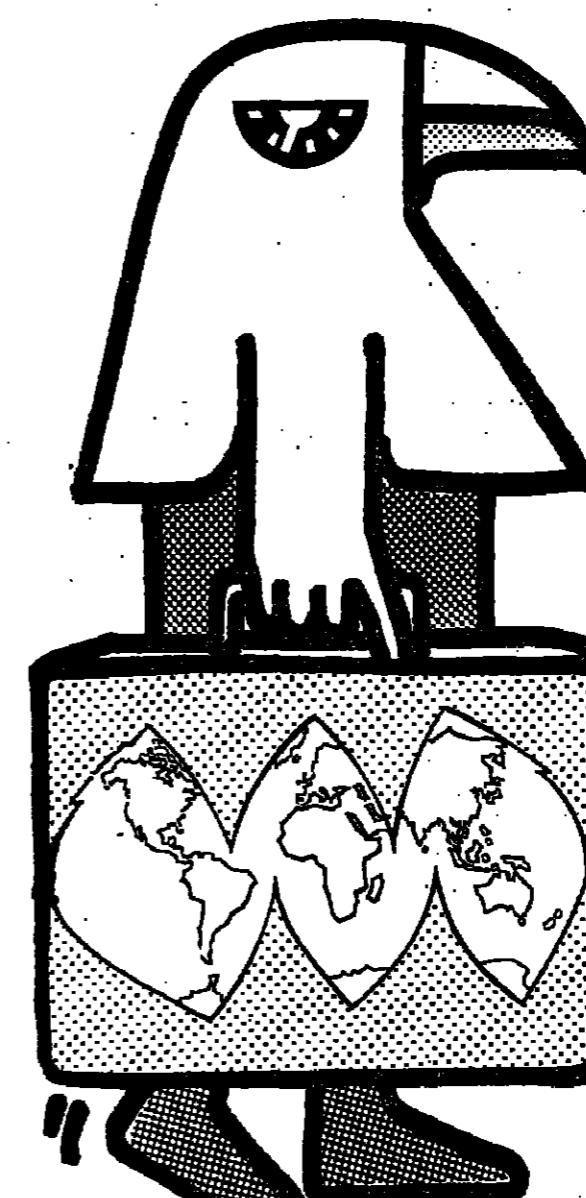
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KARNATAKA

Sandalwood and satellites



SEVEN YEARS ago the state of Mysore disappeared off the map. Maharajahs and to a large extent, malaria were matters of the past. Its renaming as Karnataka was a symbol of its taking on a new identity—a centre of production not merely for India's incense but for its fighter aeroplanes, not merely for its sandalwood but for its space satellites. Yet it was also an invocation of the past, of a history which includes rulers such as Tipu Sultan, the 18th century enemy of the British, and an earlier king whose ninth century empire was such that "His horses drank the icy liquid bubbling in the Himalayan streams and his war elephants tasted the Holy Water of the Ganges."

Usually standing apart from the north it remained Dravidian rather than Aryan. While the West went through the Middle Ages and the Renaissance, the Kurnatkan area was the frontier state of the Hindus in the south against the Muslim rulers of the north.

Last year Mrs. Indira Gandhi chose Karnataka to be the scene for her return to the National Assembly. It was a safe choice. It is a state where her policies have largely worked, one of the few places where the 20-point programme of the Emergency approached reality, an area where the reasons for her continuing charisma can readily be seen.

"She gave us food. How can we ever forget that?" a group of Harijans (the former "untouchables" and out-castes) told me outside one of the houses made available to them in the bustling market town of Chikmagalur, the rural constituency where she stood last November.

It was an election which saw both of the major parties resorting to violence. Crowds drummed up by Mrs. Gandhi's Dravidian opponents and allegedly partisan behaviour by the police brought in from New Delhi prevented Mrs. Gandhi from holding her final election rally. But today even the local president of Janata, Mrs. B. L. Subramanya—owner of a well-fortified house, six dogs, four cats and a small flower plantation—says that her criticism is of Mrs. Gandhi's personality, not of the programme which Congress (I) has been carrying out.

Apart from housing, this programme includes land reform, cancelling rural debts, extending the pensions for the aged and disabled, and ensuring availability of Government jobs for the Scheduled Castes, as the millennial underdogs in Hindu society are referred to in the present constitution.

Such programmes have been started in other states, but Karnataka is one of the few where Congress has carried them through. For this much of the credit must go to the Chief Minister, Mr. D. Devaraj Urs—a protégé of Mrs. Gandhi, a practitioner of many of the

20 Points before she had preached them and a man who has now become something of a force in Southern Indian politics.

Karnataka's 34m people live in the sixth largest state in the union. Their average income, though still below the national average, is one of the faster growing. Bangalore is by local standards a boom town. Its Chamber of Commerce must be one of the more fragrant in the world, aromatic of joss sticks and jasmine wreathing the visitor. Yet the city also houses an array of research institutes (including that of Raman, winner of a Nobel physics prize for his work on the "Raman effect") and many of the country's more sophisticated electronics plants.

Spacious

To the visitor fresh from Calcutta it seems part of a different country. Once known as the "pensioner's paradise," Bangalore's centre is a garden city, spacious and well laid out. Not people but flowers jostle for space, with its walls a riot of bougainvillea, hibiscus, flame of the forest, palms, silver oaks and gold mohurs. Its hollyhocks grow to ten feet tall—imported by the British who were attracted by the town's mild climate and set up a major cantonment there.

The influence lives on. Now the home of India's Southern Command, the numerous barracks have names such as "Cornwallis Officers' Colony"; there is an infantry Road; a statue of Queen Victoria rises majestically; and officials are liable to be "out of station."

As in Calcutta there is that huge gulf between the ostentation of public buildings—in this case clean and fresh rather than crumbling relics—and the life of most Indians. The centre of Bangalore is one side of the rug. Its suburbs are the other—jostling and teeming, life a scrabble for survival.

At this time of year, if one drives in any direction from the capital, one soon enters a green and pleasant land. The paddy fields between Bangalore and Mysore in the south are almost iridescent. The palms are laden with coconuts. Beds of lotus flowers occasionally fringe the road and monkeys are as indolent as cows in moving aside for the passing car.

But the caravans of ox carts lumbering through the night are those of a people condemned to be permanently on the move to make ends meet. For many of the rural population one meal a day is the rule—a meal of starch and little else. And when the monsoons fail, as they did four years ago, not only the state's hydroelectricity is affected. Drought is a living fear.

Since 1960 the expansion of health facilities has barely kept up with population growth. Illiteracy rates, though improving, are striking. Even under the very crude definition used for literacy, in 1971 68.5 per cent of the state's population was illiterate, with this

figure rising to 85.5 per cent for women in rural areas. Today, despite compulsory private education the country classrooms house far more boys than girls. The chains of caste are a living reality.

Culturally, it is still a rich area. Its musical tradition is such that "Carnatic music" is the term often used to describe the south Indian music. Only West Bengal has supplied as many winners of India's main modern literary prize. Its cinema is among the more flourishing in the south.

In the past 2,000 years Karnataka has had at least nine capitals, the one before Bangalore being Mysore. In recent times its Maharanas had a reputation as being among the more liberal of the princely rulers of India.

Like much of southern India Karnataka long resisted the Brahmin-dominated Hinduism of the Aryan north. But eventually this established itself to the extent that most of its recent politics can be presented in terms of caste.

Transformation

Since independence the State has been ruled by the Congress party, mainly following Mrs. Gandhi. Mr. S. Venkatram, secretary of the State's Janata Party, argues: "The larger part of the population perceives its role in terms of its caste role. But a slow transformation has begun from a caste to a class society, primarily due to Western education, industrialisation and the Parliamentary system. The educated low middle class is always the most vocal and as and when it is formed it has been clamouring for places in the political set up, in the offices and job market. The glamour of this new middle class has been founded on the basis of caste society. The first community to form a middle class was the Brahmins, a mere 4 per cent of the population, but until the 1920s the holders of virtually all Government jobs.

Next the Vokkaligas, who were primarily land holders and who formed about 30 per cent of the population in old Mysore, began to corner power. After the merging of the Lingayats with the northern Kannada-speaking districts in 1956 the Lingayats, the land holders and some merchants of the north, began to dominate: they account for 14 per cent of the present population as against the Vokkaligas who account for 12 per cent. Then 1971 was another landmark in our history. It was when power passed to the other communities who, more numerous, had finally started in the process of modernisation."

This, by all accounts, is the main achievement of Mr. Urs—to have welded from the weaker castes an alliance which includes most of the backward and dispossessed of the state. Curiously, this alliance also includes the Brahmins who had long found themselves fighting a losing battle with the Vokkaligas and Lingayats.) This analysis is largely accepted by the Communist

Party of India's local secretary, Mr. M. S. Krishnam. He insists that castes cannot be identified with particular positions in society and classes but says that class consciousness is weak. Thus, he adds, has led to Mr. Urs "a humane, very clever hour-glass politician," exploiting caste feeling. But he talks of the "measure of relief" to which Mr. Urs' policies have led claiming for his party (Janata) but dominating the local trades unions, according to one major employer) that it was instrumental in seeing that the policies were not merely legislated but implemented.

In his eight years as Chief Minister, Mr. Urs has twice been dismissed by the Governor. Each time he has bounced back into office, 14-15 year being sworn in by the Governor who had only just dismissed him. Now his party, Congress (I), clearly an average 50 per cent of the vote compared with around 34 per cent won by Janata—and a small fraction won by separate, whether a district of northern Karnataka to be reunited with the neighbouring state of Maharashtra.

Initially, local members of Congress (I) opposed any suggestion of working to reunite Congress, according to the Revenue Minister, Mr. Basavalingappa. He argues that those who had left the party represented the "vested interests" of those with property. But as the Janata began its "trade" against Mr. Gandhi Mr. Basavalingappa says that the local party had been to accept the need to reunite.

Now Mr. Urs is one of the prime movers in these attempts to reunite Congress. He is criticised in Delhi for the way that his followers go on the occasional rampage, as for instance in December when the imprisonment of Mrs. Gandhi led to widespread violence. One commission has also found him guilty of corruption. But his policies are such that his home base seems secure.

Officials are quick to hand the visitor a 257-page compendium of socio-economic measures taken by his administration. The list is an impressive one. It includes measures to prevent former share croppers being hedged down in litigation by landowners whose lands they are awarded; an extension of pensions; abolition of bonded labour and the cancellation of rural debts; the banning of the dowry system; the extension of minimum wage protection to a wide variety of workers; and a major programme of reserving jobs for members of the Scheduled Tribes, Scheduled Castes and other backward classes. Numerous credit schemes have been introduced and free building sites distributed.

Quibble

It is possible to quibble—as the Left still does—about the progress in implementing the measures. Mr. Urs will accept that "the problem is to make sure the measures reach the bottom." And a visit to the countryside soon reveals that such problems are very real. School teachers describe the difficulties they have in persuading parents to send their children to attend primary education, which in theory is compulsory. In one village school of 9-11 year-olds there were twice as many boys as girls and no desks; most of the children squatted on the floor.

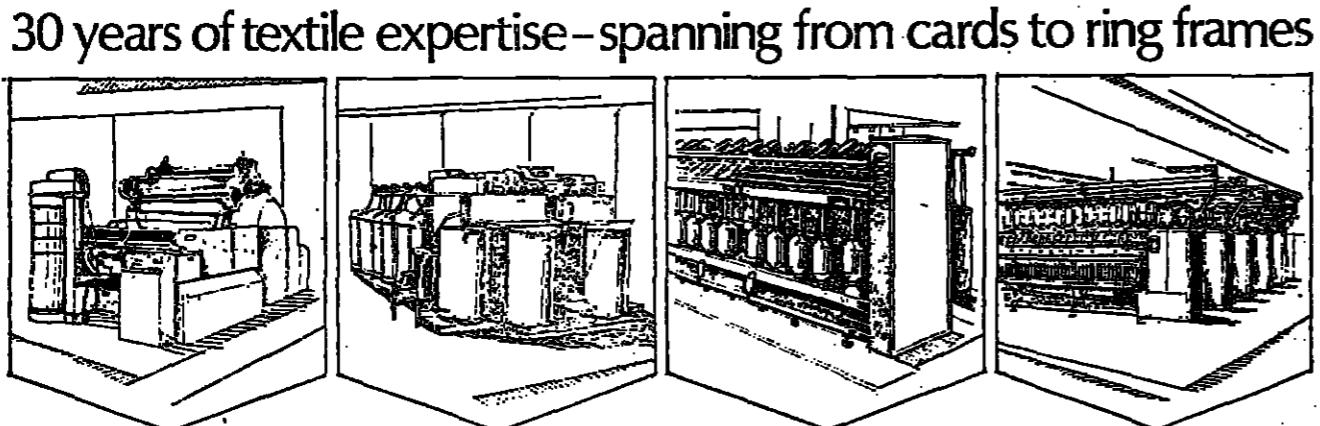
The way that the cancellation of debts to village money-lenders has often been blocked is described as a "moral settlement" by the daughter of the Janata President in Chikmagalur, a lawyer who outlines how she seeks to "persuade" debtors to agree to repay at least the principal. And a local Congress (I) official insists: "We have stopped bonded labour but of course the dairy system continues underground."

Thus even in a state far ahead of most others in social legislation much remains to be done. But the Chief Minister is the first to admit this and the hope for the future is there. As one official says, "In Karnataka we say: 'This coconut is not planted for me but for my children.'"

David Tonge

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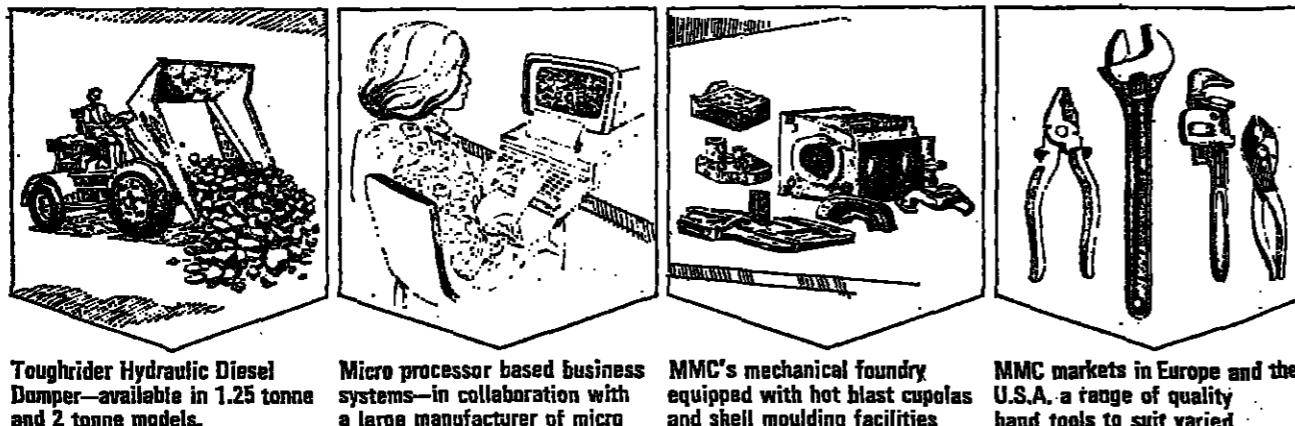


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Silk worm rearing in Karnataka. The state produced over 2,200 tons of silk during 1976-77.

Broad range of planning targets

KARNATAKA is probably the only area of the world where Five-Year Plans discuss how to raise the tiger population and where a Communist trades union has a march headed by a caparisoned elephant carrying a red flag.

The state's economy is a strange blend; it produces over half of India's coffee, three-quarters of the country's silk, and incense and three-quarters of the world's sandalwood. Yet it also houses some of the sub-continent's most advanced industries. And while drought is a constant threat to most cultivators, the state's power stations are fuelled by hydro-electricity.

Growth has been gathering momentum, averaging 4.8 per cent annually since 1960. To Mr. K. P. Rabinathan, acting managing director of the large Hindustan Aeronautics complex in Bangalore, the city is a good location for industry. Like many of those running companies in the area he refers to its mild climate, reasonable labour relations and comparatively effective state government.

The plant he runs is largely responsible for the development of the high-technology industry found in the state. It was established in 1941 with British encouragement as a privately-owned aircraft servicing plant. Subsequently, it overhauled many of the British and U.S. warplanes used in the eastern theatre. It was taken over later by the Indian Government and began to build aeroplanes under foreign licence, becoming increasingly an indigenous enterprise.

In Bangalore, Hindustan Aeronautics is now manufacturing helicopters under licence from France (the Suisse Cheetah AA 315 and Aerospatiale Bouquette III); engines under licence from Rolls-Royce (Dart Mk 531 and Orpheus 701 and 03) and from the French company Turbomeca ('Artouste IIIB'); and planes under licence from the UK (Hawker Siddeley's Gnat Mk I known locally as the Ajeet). It has also designed its own fighters and bombers. Other parts of the group work under MiG licences and make parts. The Bangalore complex accounts for about 40% of the group's turnover.

The import content of the group's planes is now below one-third and falling. Indigenisation has spawned a number of ancillary high-technology plants.

Bharat Electronics and Indian Telephone Industries both have large plants in the area while Bangalore's sprawling Peenya Industrial Estate also houses the factory producing India's satellites. A 380 kg test satellite was launched by a Russian rocket in April 1978. A second satellite, for observation purposes, is to be launched for India by Russia this year and future developments include the firing of India's first satellite-launch rocket and participation in the European Space Agency project.

With such activities being run by the public sector, many of the dependent industries are also publicly owned. This is also the case for most of the state's large-scale industry. In part this results from the lack of local entrepreneurial capital formation in the past, but it reflects, too, the role played by state governments under the last Maharanas.

"Industrialise or perish" is the slogan greeting visitors to the iron and steel plant in Bhadravati, the dusty steel town in the centre of Karnataka. The motto is that of Dr. M. Visvesvaraya, Diwan (Chief Minister) under the Maharanas earlier this century. A man who lived to be 102, he was an outstanding engineer whose projects ranged from sewerage systems to the landscaped gardens south of Mysore and who laid the foundations of its industry.

The Bhadravati works, now named after him, was one of the first in the sub-continent. Today with a capacity of 150,000 tons of pig iron annually and producing a range of steels, its problems are typical of basic industries which many would like to see the state develop further.

Communications

The first problem is one of communications. Bhadravati, like much of the state, is served only by a narrow-gauge railway, involving a forced transfer of goods, materials and passengers at Bangalore to and from the wide-gauge system used on the national railways. The state's road system too is only just adequate. The length of surfaced and unsurfaced roads has doubled in the past two decades but still less than half the state's 27,000 villages are connected by all-weather and metalled roads; and 2,000 villages are not con-

nected to any road whatsoever. The second problem, as so often in India, is power. In 1977-78 Bhadravati, like other high-tension power consumers, received only 45 per cent of its electricity requirements. Even though the electricity being generated is five times the level of supply in 1960, it has lagged behind demand and only one-fifth of the state's large hydroelectric resources have been exploited. Since these to a large extent depend on the monsoons a coal-based thermal plant is being established at Riachar. This is only at the design stage, though the commissioning this year of the first unit of the Kalnadi hydroelectric project is expected to ease the situation. Stage 1 of this project will be of 910 MW, compared with the state's existing installed capacity of 1,145 MW.

The third problem, affecting both Bhadravati and other plans to develop the state's enormous iron ore deposits, is the shortage of suitable coal.

Bhadravati itself relied on charcoal but now the forests which once surrounded it are a mere memory. Indeed, half

of a century of reckless cutting of timber—for the plant, for household fuel and to power the charcoal-based motor engines insisted on by the British during the fuel shortages of the war—have left the state with a massive immediate task of afforestation.

The answer to this problem is the Kudremukh project—the ₹700m investment in the equipment necessary to ship 7.5m tonnes of ore to Iran each year.

The aim is to reach this figure by 1983, with the first shipments due in 1980. The project involves upgrading the 1,100-tonne outcrop of mainly magnetite from ore 360 kilometres above the port of Mangalore in the Western Ghats.

"A magnificent stallion, foam-flecked nostrils in determination afame, its mane in freedom flying, gallops across the Western Ghats," waxes one of the hand-outs of the Kudremukh Iron Ore Company in reference to "the crusaders of Kudremukh" and their determination to finish the project on schedule next year.

Once called Karnataka's Mayor Daley, Mr. Urs has long shown uncanny political skill. Genial, pipe-smoking and silk-robed, he is an unlikely mixture. Born 64 years ago in a small village outside Mysore, his family name means "princely" and he be-

longs to the same small caste as the ex-Maharanas of Mysore.

Yet the coalition which he has welded is of the dispossessed—of the minority castes which had never shared power. He is one of the few Chief Ministers to have made programmes for the poor a reality. And his rhetoric is that of the evangelist.

Phrases such as "the intolerable burden of exploitation" and "blood-sucking money-lenders" litter his speeches, and he has not hesitated to urge election crowds to burn a newspaper which criticised him.

In Karnataka the Emergency saw the torturing of the brother of the present Indian Minister of Industry, Mr. George Fernandes. There was also the death of a prominent female opponent of Mrs. Gandhi, which had been hastened by her conditions of detention. But Mr. Urs himself largely escaped criticism on such points. He has always shamed clear of Mrs. Gandhi's controversial son, Sanjay. And he has ensured himself a mass following in the state through a programme as radical as any

New Delhi, is to have a plant at Mangalore, based on the state's iron ore and using coal imported from Australia or Canada.

On the union side the main force is described by managers as being the All-India Trade Union Congress (AITUC) which supports the Communist Party of India, with a second grouping, the Indian Trades Union Congress (INTUC), which supports Mrs. Gandhi's Congress Party, considered less forceful, according to one union employee. AITUC is quick to complain of police harassment, both in Bangalore and in the provinces. It often co-operates closely in the provinces with INTUC, particularly where workers on the state's coffee, tea and rubber plantations are concerned.

Sacrifical culture is also a flourishing industry. The state's production of silk has risen steadily over recent years to reach 2,246 tonnes in 1978-79, out of the total obligatory minimum wage had for all India of 2,812 tonnes. Less satisfactory has been the situation in the sandalwood industry. Production at the two state factories is now running at only half capacity, due entirely to a shortage of sandalwood trees following the drastic overcutting of recent years and the still-flourishing smuggling trade to neighbouring states.

Unlike Karnataka these have private processing plants paying up to four times the price of sandalwood paid by the state factories. Because each sandalwood tree requires more than 60 years to reach maturity—and also because it is a parasitic tree requiring other trees' roots to help its own, making it difficult to cultivate—it is hard to see this shortage being corrected.

The draft 1978-83 plan prepared by the state puts an emphasis on afforestation and

says the highest priority is being given to power, irrigation and agriculture; it is planned to treble the area under irrigation. Seventy per cent of the state's population depends on the land and the government is aiming at a 4.5 per cent annual increase in production of food grains and double this rate of increase in oil seeds, in particular ground nuts. There is a ten-year development plan for eliminating unemployment and the state sets higher minimum needs targets than those established by the central government, arguing that what New Delhi sets as a target for 1988 has in many cases already been surpassed by the state.

A "massive programme" of developing agriculture-based and cottage and small-scale industries is also called for.

David Tonge

Champion of the dispossessed

PROFILE: DEVARAJ URUS

A FILM ACTOR for one night, college wrestler for 36 months, and Chief Minister for seven years, Mr. Devaraj Urs is a large fish for the small pool of Karnataka. Now engaged in trying to bring together the two wings of Congress, he is to a large extent responsible for ensuring Mrs. Gandhi's sweeping victory in the local Chikmagalur by-election last November. But although he has obvious aims of being the heir to Mrs. Gandhi, he faces the same problem as all southern Indian politicians—that northern politicians rarely allow them a foothold.

Once called Karnataka's Mayor

longs to the same small caste as the ex-Maharanas of Mysore.

Yet the coalition which he has welded is of the dispossessed—of the minority castes which had never shared power. He is one of the few Chief Ministers to have made programmes for the poor a reality. And his rhetoric is that of the evangelist.

Mr. Urs thinks that history will be kind to Mrs. Gandhi. He argues that Mahatma Gandhi set out the principles for helping India's poor, that Nehru made a programme out of these principles but failed to implement it, and that Mrs. Gandhi made a reality of this programme—in his loyal book, the failure of Congress to act in several states was not Mrs. Gandhi's failure but the failure of those she had trusted and who turned out to have "vested interests."

In Karnataka the Emergency saw the torturing of the brother of the present Indian Minister of Industry, Mr. George Fernandes. There was also the death of a prominent female opponent of Mrs. Gandhi, which had been hastened by her conditions of detention. But Mr. Urs himself largely escaped criticism on such points. He has always shamed clear of Mrs. Gandhi's controversial son, Sanjay. And he has ensured himself a mass following in the state through a programme as radical as any

and the housing programme. As for his efforts to ensure that the poorer castes obtain jobs, these he says are "slowly, slowly succeeding."

Described as a populist by many critics and a socialist by many allies, he refuses to categorise himself.

His rule has had its interruptions. The Governor who swore him in last February had only just dismissed him. On such matters Mr. Urs is philosophical. "In politics such things do happen. I take them sportively."

His 26-year political career has seen him developing what one writer has called a "kind of tacky resiliency". He first became a state minister in 1962. Later he was to nationalise several local bus routes and in 1969, with Mrs. Gandhi's blessing, to start building the new Congress party, which overthrew its long-dominant parent in 1971.

An able administrator, he has also made massive use of the patronage system. It has led to frequent charges of corruption against him, and the Janata

Government instituted a commission under Justice Grover to investigate some of these. The commission held him guilty under four counts, with Mr. Urs's attempts to pre-empt the enquiry being one of the reasons for his dismissal by the Governor.

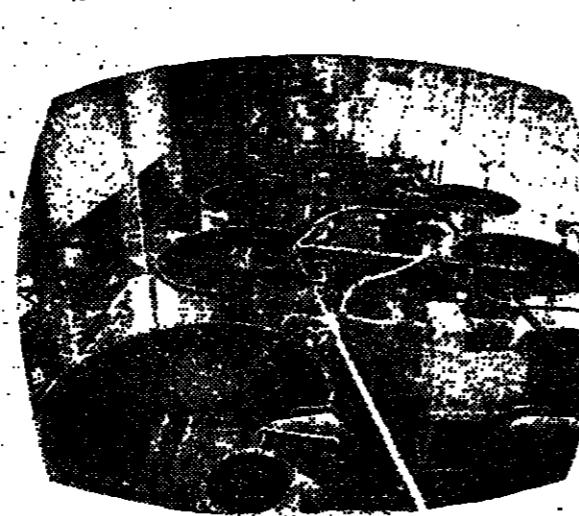
His rule has had its interruptions. The Governor who swore him in last February had only just dismissed him. On such matters Mr. Urs is philosophical. "Of course I am corrupt in one sense" he beams, "but I want to know a man who entered politics through elections and who is not. Look how much U.S. Presidential candidates spend. Where does their money come from?"

It is the flamboyant answer of a flamboyant man. With corruption charges being hurled at so many Indian politicians I ventured that in India as elsewhere all publicity is good publicity. Mr. Urs was quick to cap this with a Sanskrit phrase and to say: "A scoundrel and one of the few good scoundrels is what one newspaper just called me. I liked that."

D.T.



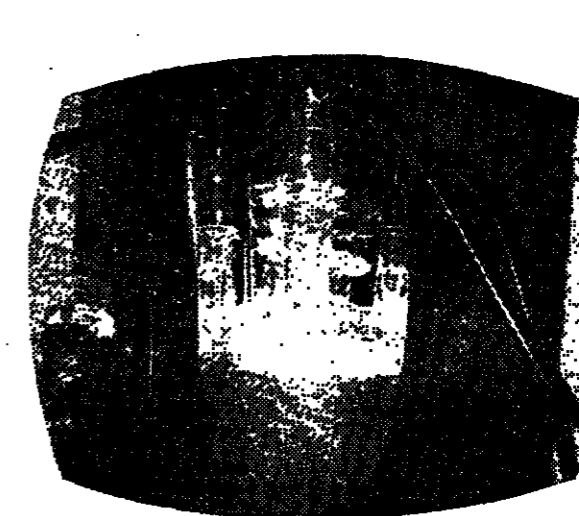
"Name me a company that can give me everything I want from India."



Ossein for gelatin manufacture.



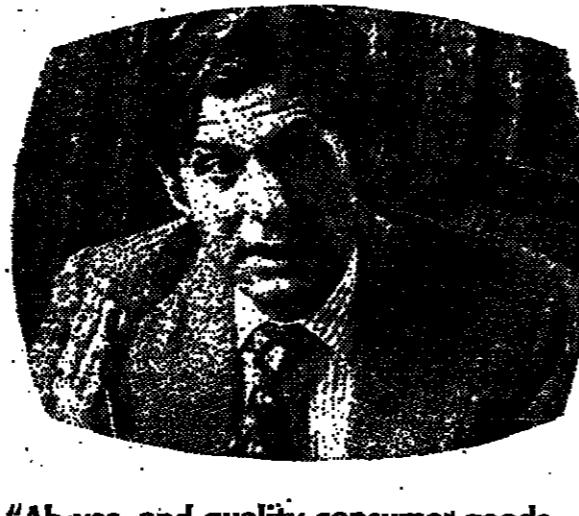
Marine products and cocoa butter substitutes.



Fine chemicals, nickel catalyst, animal feeds, agricultural commodities..."



"May I suggest..."



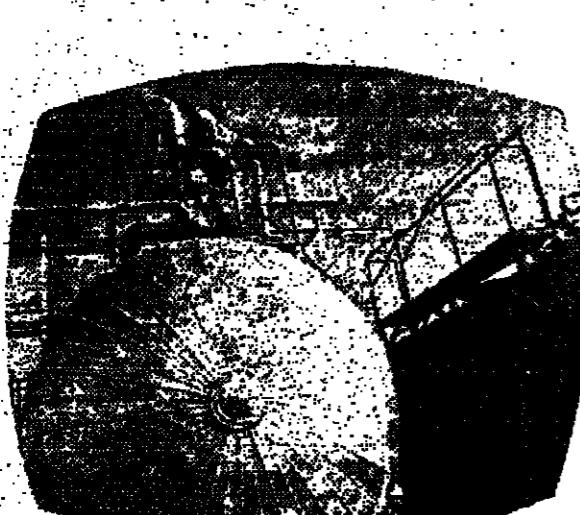
"Ah yes, and quality consumer goods, of course."



Also textiles and engineering goods.



A company that knows its business and understands mine.



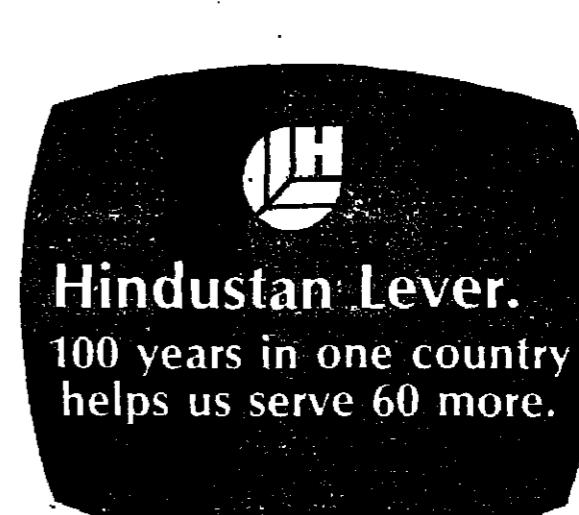
And has the resources to meet my most sophisticated demands.



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WEST BENGAL

INDIA XV

Need to tackle stagnation

WATERED by the Ganges, the Bengal area, with its abundant reserves of coal and iron ore, and its tea estates and jute fields, long stood ahead of the other States of India. In the 1770s its wealth enabled the East India Company to exact an annual income, excluding presents received by the company, of £1.5m. Shocked by the fortunes that Englishmen made in Bengal and the burden this placed on the province, Edmund Burke declared that the effect of English rule was to leave "nothing before the eyes of the native but an endlessly hopeless prospect of new flights of birds of prey and passage with appetites continually renewing for a food that is continually wasting."

The worst of these abuses were later checked under Reformist Administrations but still the output of Bengal continued to lay the foundations of many British fortunes, both before and after it became the first industrial centre of the sub-continent.

Yet since Independence its economic record has been less than glorious. Over the past two years, even allowing for the ravages of last autumn's floods, industry and agriculture have achieved higher growth rates than the average for the period. None the less, it was a legacy of stagnation. If not decline which the Left Front Government inherited in June, 1977, a decline which to an extent the troubles under the previous Left Front governments had contributed.

The 20 months in office of this Marxist administration have seen it living up to at least some of the hopes of its supporters—a hard task when New Delhi retains strong if diminishing powers over the individual

states. But the Left Front has at least quashed many of the fears which greeted its return. Many businessmen still hanker after the laissez faire days of Congress rule in the state, but they are also surprisingly complimentary about the Left Front. As one foreign company's chairman puts it: "We were all very worried when it took over. But it has been quite pragmatic. The fact that the government has been headed by the Communist Party of India (Marxist) [CPI(M)] has not made it any worse from the point of view of labour relations."

Adamant

With 220,000 jute mill workers striking last month, barge men and bank employees out, as well as 300,000 engineering workers threatening action, such a claim seemed surprising. But the chairman was adamant: "In our experience their demands have been no less moderate than before."

Here the CPI(M)'s dilemma is very similar to that of the British Labour Party. The record of the CPI(M) does not want a pitched confrontation with management (particularly after the traumas it suffered when it shared office in the late 1960s).

But it has to represent the workers who support it. Its Congress of Indian Trade Unions (CITU) is outstripping the other main confederations—the INTUC which supports Congress and the All-India TUC (AITUC) supporting the Communist Party of India. "With the CPI(M) in power here it is natural that many workers should leave us for the CITU," an AITUC leader, says resignedly.

Given the CPI(M)'s dilemma,

many businessmen suggest that the party leadership is pressing the CITU to avoid radical demands. Such policies would not be easy in a state with as developed a labour movement as West Bengal. Yet CITU leaders make it clear that wider considerations are taken into account. Mr. Dinen Bhattacharya, Vice-President of the West Bengal CITU, head of its branch at the large Hindustan Motors plant, and a Member of the National Assembly insists:

"We are not pressing the workers to limit their claims." However, he adds: "But we do suggest what is practical taking into account the conditions of the industry and what it is possible to achieve if the workers fight."

This background in part explains why even local business leaders have more than the occasional good word for the Left Front. "Ideally we are poles apart, but on a practical level they are all there. Business houses like ours would be their first target. They have said it clearly. But from the viewpoint of administration and law and order, they are one of the better administrations," says Mr. S. K. Saha, President of the local Indian Chamber of Commerce.

A partner in one of the country's biggest industrial houses, Biria, a multi-national employing 300,000 people through South East Asia and with annual sales of \$800m, Mr. Biria describes the CPI(M) Chief Minister, Mr. Jyoti Basu, as "very pragmatic". He adds: "The day he assumed office he told various forums that he did not believe in this society but recognised the limitations in the sense that the State does not have enough powers. He told us 'Until such time as we

are in power in New Delhi we will do the next best, working along with you to expand business, create employment and improve the standard of living.' He has largely lived up to that."

The government is the first to admit that it has a long way to go. Consumer prices have been moving close to the national average, levelling off after steep increases in the early 1970s. But the general deficit

mid-1960s and which became a reality in the 1970s. Moreover,

most of the firms then passed

into the hands not of Bengalis

but of the Marwari business

community—families such as

the Birlas, the Kanorias and the

Singhans, men from Rajas-

than, of tough commercial

instincts, often preferring to

invest their profits elsewhere in

India or abroad.

sultant to the Government in numerous committees. His views reflect the now widely-held emphasis on rural development that exists in India. He also insists that the breaking up of land holdings into units under the limit established by the land ceiling law should lead to an increase in output. Unlike mechanised agriculture in the West, Dr. Dasgupta says that the labour-intensive agriculture of India apparently leads to the maximum yield per acre of all major crops being obtained not from large farmers but, strangely, from marginal and small farmers. He adds that this point is born out in all districts of the state and in all states. "There is thus no conflict between the objectives of minimising inequalities and maximising production."

If the results of such policies have yet to be seen, improvements in the power situation could also be delayed.

The term "loan shedding" is the euphemism used for the power cuts which disrupt industry and daily life. Industry blames the over-manning in the sector and the government blames the past management of the plants, in particular those belonging to the West Bengal State Electricity Board. More important is the lack of spare parts for machinery and the failure to service the coal-fired thermal plants on time. "During the Emergency and just prior the machines were worked at no machine should be," the Chief Minister says to explain why the scheduled cuts have now been joined by more problematic unscheduled cuts.

The Chief Minister is quick to admit that industrial regeneration is "very difficult". He adds: "We operate in a mixed economy. We depend a lot on the private sector." Yet the thrust of policy seems to be in three main directions, towards stimulating agriculture, building up small-scale industry in villages and cities and overcoming the power shortages.

Advisers to the Government argue that the first of these policies is essential for the revival of industry. "There is evidence that one needs to begin with agriculture not merely to increase output and raise average income but because the basic problem of industry is demand," says Dr. Ashok Dasgupta, an MIT-trained reader in economics at the Economics Department of Calcutta University and a consultant to the Government in numerous committees. His views reflect the now widely-held emphasis on rural development that exists in India. He also insists that the breaking up of land holdings into units under the limit established by the land ceiling law should lead to an increase in output. Unlike mechanised agriculture in the West, Dr. Dasgupta says that the labour-intensive agriculture of India apparently leads to the maximum yield per acre of all major crops being obtained not from large farmers but, strangely, from marginal and small farmers. He adds that this point is born out in all districts of the state and in all states. "There is thus no conflict between the objectives of minimising inequalities and maximising production."

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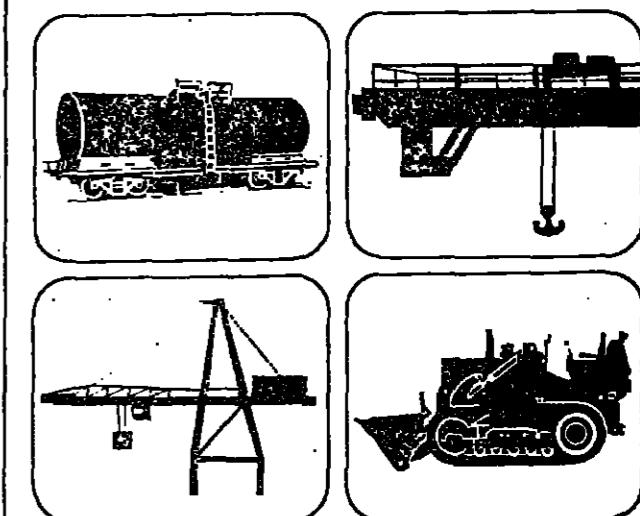
One year ago the Left Front government put out a statement on industrial policy which set out seven goals, ranging from reversing the trend towards stagnation and providing increased employment to expanding the public sector and increasing the control of workers over industry. Today the short-term problems are such that its hopes of restructuring society seem remote. But the aims remain unchanged. The Left Front's unity unbroken and its belief unchanged that the sooner it is elected in the closer it will be able to come to realising the programme on which it was elected.

D.T.

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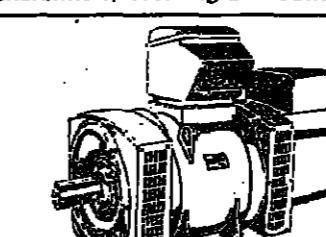
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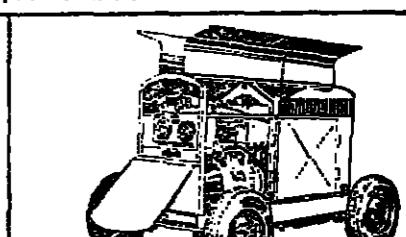
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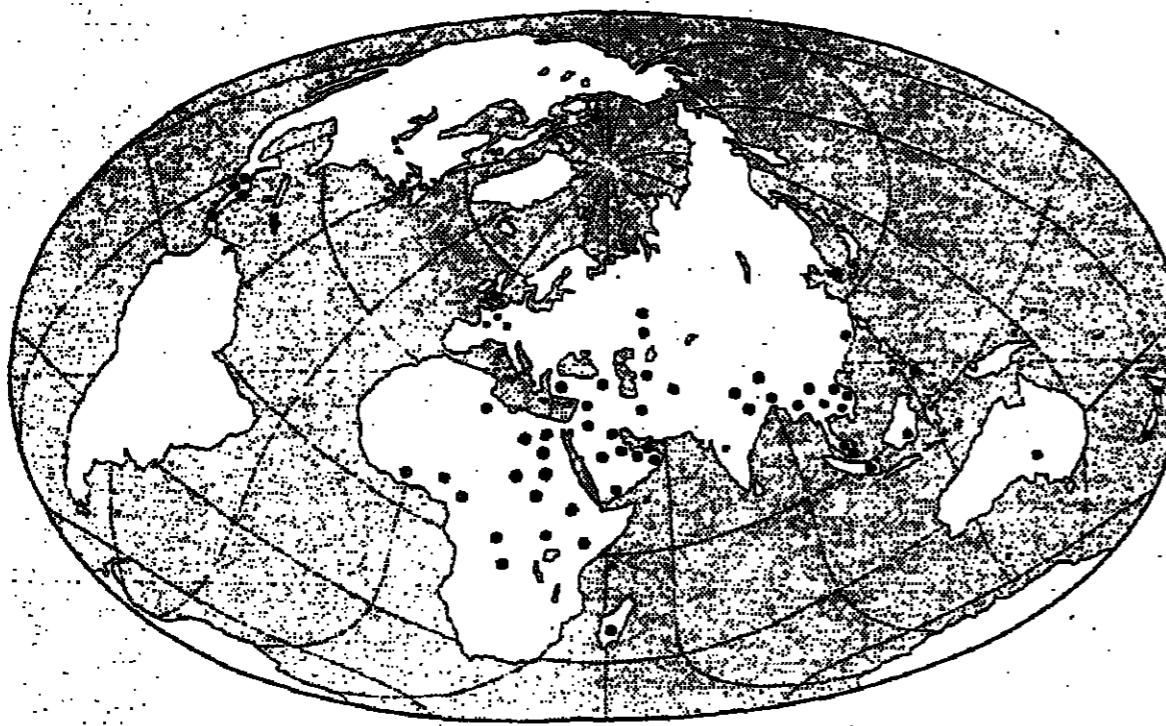


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VILLAGE LIFE

Progress and prosperity veil caste issue

CASTE VIOLENCE has not yet bought late in 1975. Everyone come to Paitoo Ka Nangla but prosperity has. Indeed the village is showing the signs of pollution that prosperity brings. The once sleepy main street is littered with building blocks, an upturned tractor cart and torn rubber tyres big enough for the children to play hide and seek in.

The old rural identity has been distorted. Simplicity and symmetry is disturbed by the stone extensions intruding on the mud houses and by trees felled or stripped to make way for new work. Old mud houses were turned into homes by the home-made wall paintings; the new stone is left glaring and coldly bare.

If prosperity comes to Paitoo, then rural India must indeed be making progress. Paitoo where? Paitoo Ka what? Those were the questions asked by people hardly two miles from Paitoo as I tried to find my way back to the village. As the crow flies, Paitoo Ka Nangla is a mere 10 km from National Highway 3 running from Agra to Bombay. It is 50 km from Agra in Uttar Pradesh, India's largest State, and quite close to the borders of Rajasthan to the west and Madhya Pradesh to the south.

But it lies a kilometre from the nearest tarmac road along a zigzag dirt track beside fields made vivid green and yellow by ripening mustard, gram, sugar cane and wheat. The 150 families comprising the village have no school or post office or police station or electricity line to distinguish them with a modest pinprick even on a large-scale map. They are just members of India's 587,000 unknown villages where the unknown masses live.

Nevertheless, according to Karan Singh, a Samajivya Brahmin and the largest land-owner, things are indeed looking up in Paitoo.

He sat, tucked his loincloth under him, let other villagers cluster round him, and talked of the prosperity. Crops, he said, were up by 50 per cent. He himself had savings of Rs 3,000 (about £180) in the bank and only had to pay off Rs 12,000 on the Rs 44,000 tractor he

had bought late in 1975. Everyone in the village, he said, apart from one bania who ran a shop, had some land so prosperity had been spread around. He gestured to the people around, as if to point out that there was a much greater splash of colour than before in the clothes of the people (though Karan Singh himself was dressed as he has been on every visit I have made since 1973 in a dhoti yellowed with constant washing and a shirt not yet threadbare).

No, he said, there was no caste trouble in Paitoo. The mixture of brahmins and Rajput kachays got along just fine, didn't they? He turned to his chorus of supporters who murmured approval.

Given this account, the village shows that it is possible to achieve progress without any of the disruptions of caste riots which have spread across much of the north Indian heartland. But appearances can be deceptive.

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And all the smaller peasants are at the mercy of the big landowner—Karan Singh. With ownership of what he says is 25 acres—though he almost certainly underestimates his actual holding—he used to provide the labouring jobs and still acts as local moneylender.

He used to provide the jobs but no longer does because the machine of progress, his tractor, does away with his need to employ 100 labourers. "It is faster, cheaper and can do many things," he said in obvious praise of the tractor. "It can plough and winnow, carry heavy loads, transport water and give joyrides at marriage parties. And it saves me Rs 3,000 a year I would have to pay in wages."

Where do the men find work, I asked. "Oh, there are plenty of places. They can go and work in the quarries or on building roads or go to Jagur or Agra."

For the men who have to find jobs it is not as easy as that. Ram Dayal, a jati, and one of the small "landowners" said:

"With only one bigha (one third of an acre) we are as poor as or as badly off as the landless. We have to go out and find work. That is not easy to come by, nor does it pay well even at harvest time. We are having to go further and further and away from our families in order to find work these days. There are too many people searching."

But Karan Singh still finds it profitable to act as a moneylender to those in need. And according to the villagers' accounts, he charges an interest rate five or six times higher than the 12 per cent that the bank charges him on his tractor. Even though the last few years crops have been good because of the better weather, most of those in debt have only been able to keep up with the interest payments—making no reduction in touching the principal.

Where Paitoo really differs from the not-torn parts of north India is that the have-nots have not yet had a chance. The movement of the middle-caste kshatriyas (farmers) stems from resent-



Children playing in the main street of Paitoo Ka Nangla. The cast-off tyres are a sign of a new prosperity

ment over the special constitutional privileges of the harjans and determination to break through the high-caste brahmin-dominated government's urban bias.

It is a sort of intermediate revolution, with the rich five-acre kulaks determined to get their share. It has brought bloody results, with violence against harjans and reports of harjans being tossed into crushers or dragged to death behind tractors.

Fines

In Paitoo and the neighbouring villages the brahmin landlords are not yet under challenge. The leading brahmin family in Chansora has not only a tractor but also a jeep. Their control is linked and reinforced at the village council level which the brahmins control.

THE DOCTRINE of the Indian caste system dates from the hymns of the Rig Veda describing the creation of the world. From the head of the primeval man came the brahmin or priest, from his arms the kshatriya or warrior, from his thighs the merchants and craftsmen (vaishya) and later a fourth caste of mental sudras was allowed. The fourth caste were supposed to have come from the feet of primeval man and thus were outcaste as far as many traditional practices were concerned. Over the centuries many sub-groups developed within each caste and a complicated

The harjans should have powerful representation on the council but it was said: "Usually it is not worth their while turning up."

The council has some useful local powers, like being able to levy fines, which it has done on occasion, "mostly for non-payment of debts."

There are some flickering signs that changes may be coming. Some of the harjans of Chansora have just got tube-wells, thanks to loans from the Janata Government, and will be able to irrigate and get crops from their land, which till now has lain barren. One of them, Chandra Bhan, a menda (one of the lowest groups of harjans), said delightedly: "Up till now the land has not been fit for crops, but soon with the tube-well I hope to have my own. It will be a change from having to find work as a labourer."

In the battle for survival in rural India the economic purchase which this will give the harjans may mean they are not so easily pushed around and will start claiming their privileges. In Paitoo itself there is no one to challenge the brahmin family. Karan Singh himself was no supporter of Charan Singh, the kshatriya hero who, he said, "does not count around here." Instead he declared himself roundly for Mrs Gandhi and said she had wished to go to court arrest by demonstrating for her, but my father was ill and I had to stay here.

Mrs Gandhi, he said, governed firmly. But nowadays "times are changing and people are not like they used to be. They do not show sufficient respect." The comment was the only other sign that Paitoo's masses too might be stirring.

Kevin Rafferty

set of taboos developed. For example, a nayar, a south Indian caste below the brahmins, might safely approach within a few feet of a brahmin, but could not touch him without defiling him. However, the presence of a toddy-drawer within 36 paces was enough to pollute a brahmin. In the last century one sub-group called purada-vanjan, which washed the clothes of untouchables, was regarded as so lowly that its members were not supposed to be seen and had to live a nocturnal existence.

THE CO-OPERATIVE MOVEMENT

Success remains sporadic

THE CO-OPERATIVE movement in India is 75 years old this year, but Jawaharlal Nehru's call for "convulsing the nation with co-operation" has had limited success. This despite the fact that it has a membership of over 70m and the value of its activities is estimated at over Rs 150bn (about \$20bn) annually. Started as a movement for self-help among the poor, it really made a beginning only in the 1950s when it found a place in the planning process. Progress has been sporadic and uneven, although there are some areas of remarkable success.

Ironically, it is in its 75th year that the movement has again found official encouragement. The Janata Government feels that co-operation can be used to achieve its policies of rural and small industry development. More concretely, the policy to improve the public distribution system of essential goods through a chain of co-operatives was endorsed by all Chief Ministers last month.

This ambitious scheme of production-cum-distribution is intended to be operational by July 1979

to eliminate the middleman who is thought to be responsible for shortages and rising prices.

But it is agriculture, and, more specifically, the credit needs of farmers that has been the basis of the co-operation movement in India, now the largest in the world. It was started originally to rid poor farmers from the grip of the notorious village moneylender, and credit co-operatives, with all their shortcomings, are still the only alternative to him. It is only in the last couple of years that the organised banking system has started moving into rural areas. The moneylender still flourishes, but at least the statistical growth of credit co-operatives is impressive.

There are at present about 140,000 primary agricultural credit societies, about 350 central co-operative banks, 26 State co-operative banks in the country. Membership of primary agricultural credit societies is over 40m, covering 92 per cent of all villages.

The societies have a working capital of Rs 19.5m and deposits of over Rs 1.1bn. Production loans given to farmers amount to about Re 200m a year, and it is claimed that the needs of the farming population met by the co-operative system increased to about 50 per cent in 1975-76 from a meagre 3 per cent in 1950-51.

For long-term credit, central land mortgage or land development banks function in each state at the apex level, each serving districts or smaller administrative units through branches. The apex co-operatives give loans for development purposes (for example, irrigation), and there are at present 10 central land development banks and 890 primary land development banks with a membership of 7.8m and distributing about Rs 150m as loans annually.

Impact

Despite the size of the co-operative movement, it is universally accepted that its impact on the economy has been marginal. Evils crept into the movement from the initial stages, and so many vested interests have developed that some States want to forget about co-operation altogether and make a fresh beginning with other village institutions, like the panchayats. The suspicion with which rural co-operatives are viewed is largely because they are known to be used by farmers, traders, the local bureaucracy and politicians; the feeling is widespread that statistics give a false picture and the large farmers are getting most of the credit.

The Planning Commission acknowledges that the co-operative system is the most widely distributed and organised credit system which can readily take up the vast task of purveying short, medium and long-term credit to the rural areas.

But, says the latest Draft Five-Year Plan, "all along,

the system has been heavily biased towards the more affluent sections of the rural community, even though its service has been paid to helping the poorer

classes. Resolutions to bring in efficient management and to help the poorer sections have remained a dead letter."

The Commission has found that exploitation of the poorer sections of the community by money-lenders and through a bonded labour system is still widely prevalent. "Even though debt redemption laws have been passed, for lack of an appropriate and efficient system of credit for consumption, the laws have only added to the misery of the poorer sections," says the Commission. Hence its call for major reforms and the introduction of a multi-purpose credit system with efficient non-political management.

The Central Government, which has a fully-fledged Department of Co-operation operating in New Delhi, has made some efforts to galvanise the system and to enlist the support of the States. For the first time last year, a national resolution on co-operation was adopted. This aims at making the movement into a major instrument of decentralised, labour-intensive and rural-oriented development. The co-operative movement will be developed as a shield for the weak." This has a disquietingly platitudinous ring about it, especially when it speaks about making the movement into "an autonomous self-reliant movement, free from undue outside interference and excessive control, as also from

political interference."

Stabilise

The co-operative movement

meant initially for agriculturists, has been more successful in other related areas. The major examples are the co-operative sugar factories and the dairy co-operatives. The experiment of the Milk Supply and Processing Society at Anand in Gujarat is one of the great success stories of the co-operative movement, and it has set the pattern for national dairy development under the "Operation Flood" programme.

At the all-India level, the

National Co-operative Dairy Federation has under it nearly 30,000 primary milk supply co-operative societies with a membership of more than 2m. They sell products worth over Rs 2bn annually, providing not only income for farmers but also needed cheap nutrition.

Co-operative processing of agricultural produce, aimed at stabilising agricultural production, has been successful mainly in larger units like sugar factories. A total of 119 sugar co-operatives now operate to produce about 2.4m tonnes of sugar or nearly half the total in the country. Twenty years ago there were just three sugar factory co-operatives, and this suggests that, given the right organisational support, the primary producer can involve himself in processing his product.

Agricultural inputs is another area where the movement has done well. Over the years, nearly 60 per cent of fertiliser and other agricultural inputs sold have been channelled through the co-operative system.

More significantly, farmers have decided to shed dependence on the private sector and imports for their needs of fertilisers and other agricultural inputs and have actually entered the fertiliser industry as producers in a big way. The Indian Farmers Fertiliser Co-operative (IFFCO), with a direct investment of more than Rs 2.5bn is the largest single fertiliser producer in the country. It has plans to expand further and expects that by 1981 its factories will produce 1m tonnes of urea and another 1m tonnes of NPK products, placing it far ahead of any comparable unit in terms of turnover.

Farming apart, the Government hopes to recast the strategy for growth of co-operatives by new schemes. The National Co-operative Development Corporation is being asked to assist the States to increase the share capital base of primary weaver societies so that they can increase their production and marketing activities.

At present such assistance is available only to apex and regional weaver societies.

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Major objectives still not achieved

"THE PLAN is dead, long live the Plan." On the lines of the ancient royalist salute, the Janata Government laid the ill-fated fifth plan to rest a year before it was officially supposed to end, and launched its own sixth plan last year. But despite the cosmetics, not much has changed in either the methods of planning or in the implicit economic model underlying this "new" plan. While this might suggest that the resounding continuity of planning in India since its inception in 1951 is a sign of its success, the Sixth Plan in its stocktaking of the achievements of Indian planning admits:

"We must face the fact that the most important objectives of planning have not been achieved. The most cherished goals seem to be almost as distant today as when we set out on the road to development. These aims—implicit in all our Plans, but more explicitly stated in the later formulations of our development strategy—are universally accepted by the Indian people; they are the achievement of full employment, the eradication of poverty and the creation of a more equal society." As is also conventional in Indian plan documents it is asserted: "The goals are attainable, given only the national will to pursue them without faltering."

Weakness

It is arguable, however, whether these goals are realistic, or indeed whether the form that planning has taken in India is the appropriate means for achieving the desired goal of poverty-eliminating growth. For the central weakness of Indian planning lies in its continued attempt to apply Soviet-style material balance planning (substituting bureaucratic direction for the free market mechanism) to the operation of a mixed economy, where despite all its attributions the Government can exercise only limited and at best indirect control over the economy.

The continuing failure to recognise this fatal weakness of the planning process in India is in turn the result of the instinctive identification of planning of the Soviet variety with socialism—the main "religious" tenet of Indian intellectuals since Nehru. This identification of planning with socialism is untenable, however. For planning in the most general sense is merely the delineation of a co-ordinated and coherent set of public policies for maximising economic welfare. To identify a particular set of public policies as coterminous with ends is to confuse means with ends.

While it is true that there are many good arguments for government intervention in any economy, the appropriate form of government intervention is not always likely to be in the form of Soviet-style bureau-

cratic commands. Broadly speaking we can contrast two forms of government intervention: (a) that which is indirect and would work through the market-mechanism by suitable doctoring of the prices received and paid by individual agents; (b) that which works through direct government controls over the quantities of goods produced and distributed.

Targets

It is the mistaken identification of planning based on direct controls with the doctrines of socialism which still bedevils Indian planning. Thus despite the conclusions of numerous official committees as well as individual experts that the past system of industrial and foreign trade controls—through which the Government has sought to enforce the targets for large-scale industrial output (and investment)—have failed to help the cause of either efficiency or equity in India, the Government is still loth to make a bonfire of these controls.

Socialism is essentially concerned with a more egalitarian distribution of income and wealth. To achieve this better distribution direct instruments of policy to attack the inequalities are required. In a democratic society the use of such direct instruments requires at least a popular majority in favour of increased equality. Despite the rhetoric of the Indian Planning Commission and the populist stance of many Indian politicians it is arguable whether any such consensus actually exists in India.

The almost ritual exhortations in Indian plan documents (repeated in the draft Sixth Plan) to stiffen the will of the politicians to implement the land reforms which most economists are agreed would both raise agricultural output as well as improve the distribution of income come up against the stark reality of Indian politics—that in most States as well as at the centre (in terms of Mr. Charan Singh's faction in the Janata party) the kulaks are in power. While the latter may be willing to soak the rich (a decreasing band), they are by no means willing to help the poor, witness their increasing fury at the attempts of various Harijan groups to assert their rights.

Unable—unlike most of their countrymen—to accept the existing inequalities of income and wealth in India, and thwarted by the political realities from launching any frontal attack on those inequalities, the Planning Commission (with the support of most of the intelligentsia) has sought to correct the consequential inequalities in consumption by production planning (at least for the industrial sector), which has sought to determine the relative supply of the various goods available in India.

Not surprisingly, this indirect method of control of the con-

sequences of income and wealth inequality was open to sabotage by the same political forces which wrecked any hope of direct income distribution. Any examination of plan targets and achievements in India conveys the sad message that the shortfalls in targeted capacities and outputs have been greatest for those goods and sectors on which the plans have laid primary emphasis.

Much worse: these targets (in particular for the industrial sector) were based on the crudest notions of import-substitution, without any reference to India's comparative advantage—though over the years, and in particular since the take-off in Indian manufactured exports in the early 1970s, some dent seems to have been made in this austaric predilection of Indian planners.

They are still not willing, however, to accept the alternative logic of a system (such as is to be found among many Asian countries) which relies on an industrialisation policy which adopts a neutral stance between import-substitution and exporting, and which in India's case could make the best use of the country's most abundant resource—its relatively cheap (and by now relatively skilled) labour force. For one of the more serious consequences of the heavy industry-biased import substitution strategy that the Indian plans have promoted has been the limited amount of employment generated by the very substantial sums invested.

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A new five-year plan

PLANNED development has been retained by the Janata Government although some conceptual changes—resulting in a "rolling plan" in the place of the usual five-year plans—have been introduced. But it is encountering considerable difficulty in having its first plan for the period 1978-83 accepted by the states, all of which are members of the National Development Council (NDC) which must formally approve the Planning Commission's draft. This is now expected in the next two or three months.

Should the approval come, the country will have its largest ever five-year plan to implement. Investments envisaged are a colossal Rs.162bn (about \$145bn), of which the public sector share is Rs.64bn (which is what really matters since the Planning Commission cannot really plan for the private sector). If all goes well with implementation, the plan will achieve an annual growth rate of 4.7 per cent in the hope that the basis will be laid for a 5.5 per cent growth rate annually in the 1983-88 period.

Finalised
The plan document still has to be finalised, particularly to decide the share to be implemented by the states, as well as inter-sectoral outlays. The original draft bases the growth rate target on the premise that first, the pattern of investment and income should be such as to redistribute incomes in favour of the poor and second, the physical and industrial incomes should be "projected with a greater deal of realism

thin in the past." It assumes that agricultural output will increase by around 4 per cent annually and expects the industrial growth to be 7 per cent (as compared with the average of 4.3 per cent in the past).

Tentative sectoral outlays show, however, a relatively modest rise for agricultural and allied activities which get Rs.88bn (or 12.4 per cent of the plan) as compared to Rs.53bn (or 11 per cent) in the previous five year plan. Taken together with irrigation and flood control, which get Rs.95.5bn, this is still a relatively smaller rise than was expected from a Government which wanted a rural bias to development. The largest sectoral outlay is, in fact, for energy, science and technology, to which Rs.203bn (30 per cent of the plan has been allotted. Industry and minerals get Rs.103bn (14.9 per cent) and there is, therefore, just a slight tilt away from industry towards agriculture.

Some of the major targets to be achieved by 1982-83 are: food grain 144m tonnes; sugar cane 188m tonnes; cotton 92.5m bales (of 170 kg each); coal 149m tonnes; crude oil 18m tonnes; nitrogenous fertilisers 4.1m tonnes; phosphatic fertilisers 4.1m tonnes; cement 30m tonnes; mild steel 11.5m tonnes; and electricity generation 167 GWh.

Some of the production targets for the 10-year period ending 1987-88 are: grain 165m tonnes; sugar cane 225m tonnes; oil seeds 13.8m tonnes; nitrogenous fertiliser 6.8m tonnes; mild steel 15.5m tonnes; and electricity generation 265 GWh.

Various forms of increased savings may be considered, such as increased contribution to provident funds, group insurance schemes and rural incomes.

K.K.S.

Financing of the public sector plan will involve additional resource mobilisation of Rs.90bn by the centre and another Rs.40bn by the States. Market borrowings are placed at Rs.160bn, while net external assistance is assured at Rs.58.5bn. Borrowings against utilisation of foreign exchange reserves is placed at Rs.11.8bn.

By a Correspondent

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LITERATURE

INDIA XIX

Kipling and myths of Mother India

THERE IS a popular belief that India, more than any other nation in the world, leads two lives. Quite apart from the immediate tribulations of its precarious social and economic existence, it is held that Bharatmata (Mother India) has another, deeper reality, a mystical presence that is timeless. When glib journalists and pragmatic politicians say that, despite all indications to the contrary, India will somehow live on, they are referring, however lightly, to this notion of secret strength. The image of India as a literary idea for the Western reader has, I think, been influenced by this myth of dual identity.

For Kipling, for instance, the imperialist law had to be imposed with such severity precisely because India had an identity so unique and indelible that anything weaker would have wilted in the heat and dust. As the sun began to set on the British Raj after World War I, and writers questioned the hegemony of Western political and ideological domination, Yeats proposed that the Vedantic way may be the wisest one, and Eliot closed the Waste Land with a plea for cosmic peace — shanti — based on the Buddhist credo.

For the Western writer India came to suggest another "way of life": the possibility of late romantic quest as an alternative for those infected by late-capitalist angst. So potent and durable is this mythical India that Adil Jussawalla introduces his invaluable anthology of new Indian writing with an attack on Cyril Connolly's version of the myth in the 1970s, of India as "the sub-continent of wisdom, love, poverty and over-crowding... golden 'asuras'... set appeal in stone... hippies hitch-hiking to this erotic paradise."

It is true that these versions of India that have cited are the visions of foreign writers. It is also true that for most Western readers they provide the privileged view. Indo-English writers come next in influence, but because they write in English, they are too easily assimilated. For instance, any consideration of their work as evidence of the cultural persistence of a colonial past, which would have interesting consequences for the literary history of India, is too often forgotten in the euphoria of spurious literary comparisons. R. K. Narayan is Chekovian, Desani is India's Flann O'Brien, Mulk Raj Anand is Zolaesque. One of the most valuable qualities of the best modern writing in the Indian languages, since the 1930s and 1940s, has been the de-mythologising of the exotic orientalist's India; it is concerned much more with the experience of India as a lived reality, receding from romance and acceding to a sterner realism.

Of course, the "experience of India" is hardly tenable even as a convenient critical category. The Sahitya Akademi (National Academy of Letters) recognises and promotes Indian literature written in 20 languages: Assamese, Bengali, Dogri, English, Gujarati, Hindi, Kannada, Kashmiri, Maithili, Malayalam, Manipuri, Marathi, Oriya, Punjabi, Rajasthani, Sanskrit, Sindhi, Tamil, Telugu, Urdu. This makes a truly comprehensive comparative survey almost impossible and makes the critic dependent on translations for the vast majority of

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languages he does not read.

Surprisingly, Maharashtra's avant-garde novelist Kiran Nagarkar has found that more interest has been shown in publishing his experimental black comedy *Sat Sakkā Trehalls* in English than in translating it into any of the other Indian languages. But most English translations (those of Jussawalla, Raeside and Coppola are among the few notable exceptions) are merely careless, ungrammatical approximations, which give no feel for the quality or the ingenuity of the original. Gauri Deshpande's translation of Dalvi's controversial novel *Chakra* — actively destroys the power and authenticity of the original by translating the demotic marathi of Bombay's *sopapatte* (shanty-town) dwellers into a messy imitation of B-movie slang.

However, amid all this linguistic and literary diversity it is possible to make some general observations on contemporary Indian writers based on their understanding of their social role. K. B. Vaid, a prominent Hindi novelist speaks for most serious Indian writers when he pledges his commitment to the "porirasya" of poverty, hunger and disease; portrayal of widespread social evils and illusions; examinations of the survival of the past; explanation of the hybrid culture of the educated middle classes; analysis of the innumerable dislocations and conflicts in tradition-ridden society under the impact of an incipient half-hearted industrialisation."

Such zeal may seem unfashionable to those who believe with Auden, that literature can "make nothing happen," but the persistence among Indian writers, of a tradition of social commitment must be seen in its historical and political context. As in other colonial societies, many educated, progressive Indian intellectuals who supported India's claim to freedom from the Raj, were deprived, at that time, of positions of social power and influence. They sought both, however, by turning to literature where direct censorship was more difficult and the scope for

creating social awareness and sensitivity enormous. Moreover the very act of writing in an indigenous language could be subversive, creating a cultural identity in a milieu where the presence of English was a provocative sign of cultural domination. Maharashtra's pioneer poet Veer Savarkar had his poems proscribed and was later deported to the Andaman Islands.

But the involvement of Indian writers in the nationalist struggle was not uncritical. Many intellectually sophisticated writers could not accept the ideology of Gandhism as an avatar of the Harikatha legend, as the villagers had in Raja Rao's impressive English novel *Kanthapura*. Madholkar's marathi novel *Pramadavati* expressed cynicism about Gandhism after the 1942 Quit India movement. Yashpal even defended the Communist Party's defiance of Gandhi's call for non-co-operation with the British Army in that year. It is Yashpal's marxist classic in Hindi *Jhoota Sach* (False Truth) published in 1957, takes a panoramic view of the hopes of Independence, the horrors of partition, and the sordid scramble for power after Independence among high-sounding Congress politicians.

Jhoota Sach is particularly significant for its concern with the complex problems of communalism, which once dramatically flared up in the Hindu-Muslim riots, but still persist with the tacit support of the right-wing Hindu revivalist Jana Sangh party.

The sobering experience of post-independence politicising turned many writers away from explicitly political art. In the late 1950s and early 1960s both Hindi and Marathi writers wrote the inward subjective *mai kahani* (new Story). The political dogmatism and pragmatism of nationalist literature was replaced by a commitment to seeing politics not as a problem or an ideal, but as a "relentless, living context in which we find concentration camps, racial segregation and the down-trodden poor of India."

The tone of the new story is often ironic, its vision darkly "existentialist," and its form subversive of conventional narrative traditions in its relentless play with the ambivalence and ambiguities of the first-person confession mode. In *Dcdh Inch Opar* (An Inch and a half above Ground) Verma explores the total disorientation of a desolate man who discovers, after the SS have killed his wife, that unknown to him, she had been a resistance worker. But for the reader, the narrator's reliability is in question because he's drunk — the story is at once a shrill cri-de-coeur and the rambling confession of tipsy old man.

In the work of Mohan Rakesh, another of the new storytellers, the subtle yet deadly social pressures of sexual politics get close attention. Miss Pali, monstrosely fat and ugly, flees from New Delhi to avoid the gossip, jokes and sexual innuendoes that surround her. But, ironically, she has to confront herself most cruelly in the eyes of village children who are quite simply horrified by her ugliness.

If the new Hindi story studies the process of social exclusion — the outsider — the new Marathi story examines such *Angst* in the large inclusive structures of joint-family, caste, community. Pendse, whose "regional" novel

Garambica Baalu (Wild Man of Garamb) has been beautifully translated by Ian Raeside, explores the relationship between changing social structures and more in rural Konkan. In *The Rough and the Smooth* (the title story in Ian Raeside's anthology of Marathi short stories) Gadil takes a witty, wily view of the oppressive world of the urban, middle-class Marathi joint-family, as experienced by the most oppressed member — the youngest daughter-in-law!

Last year, during the Emergency, Durga Bhagwat lashed out at the illegality and repression of the regime at the Marathi *Sahitya Sammelan* (Writers Congress). She was promptly arrested. It is still too early to expect a sizeable imaginative work on that black period. For the moment the book market is flooded with instant journalism which satisfies the demand of a censored, blinded people for the news, however late, of what actually happened to them. But the real literature of the Emergency had, at once, nothing and everything to do with those 18 months. It is the work of emergent groups, unknown poets, who saw the oppression of the poor and the lower castes coupled with the growing tyranny of the state. For them the Emergency pre-dated 1975 and the Sanjay phenomenon and has already outlived them both. Years ago in 1972 Shakti Chattopadhyay, founder of the Hungry-artist Movement in Bengal put it poignantly:

Conscience now is circumscribed... Today we limit ourselves to darkness. Cruelties new and plentiful have been devised, that will come close to friends, to beloved men and women, as they fear and believe, and on some old or new pretext stab them in the heart — man will die against trees. Yet in the moonlight I see the tiger's reckless look, the face of the devil — the goal is not to unite people...

The Dalti writers of Maharashtra represent a synchronous political and literary development. Most of them are "untouchables," and writers like Kharat, Danele, Dhasal and Pawar believe that India is a nation divided into the *achus* (untouchables) and the poorer classes, on the one hand, and the caste Hindus, capitalists, and the privileged bourgeoisie on the other. Their work is aimed at displacing this dominant conjunction; to gain literary acceptance for them is also a way of gaining political influence.

The best work on the Emergency in English is undoubtedly a collection of essays written by Ashok Mitra before the Emergency was announced. In a passionate, polemical tone, Mitra revealed those moments in the nation's "stream-of-consciousness" when its corrupt actions vitiated its proclaimed ideals. He warned of the arbitrary use of the coercive state apparatus, the suppression of individual and collective freedoms, the silencing of effective opposition. Like some of the best writers who, in their work, have forced the moment to its crisis and foretold its fearsome consequences in fiction, Mitra's essays showed that the historical, documentary fact was even more horrifying than anything that literature could prophesy. What is particularly impressive about this tradition of socially committed writing that I have traced is the power that it derives from the lives of those that are, in fact, powerless.

Homi Bhabha

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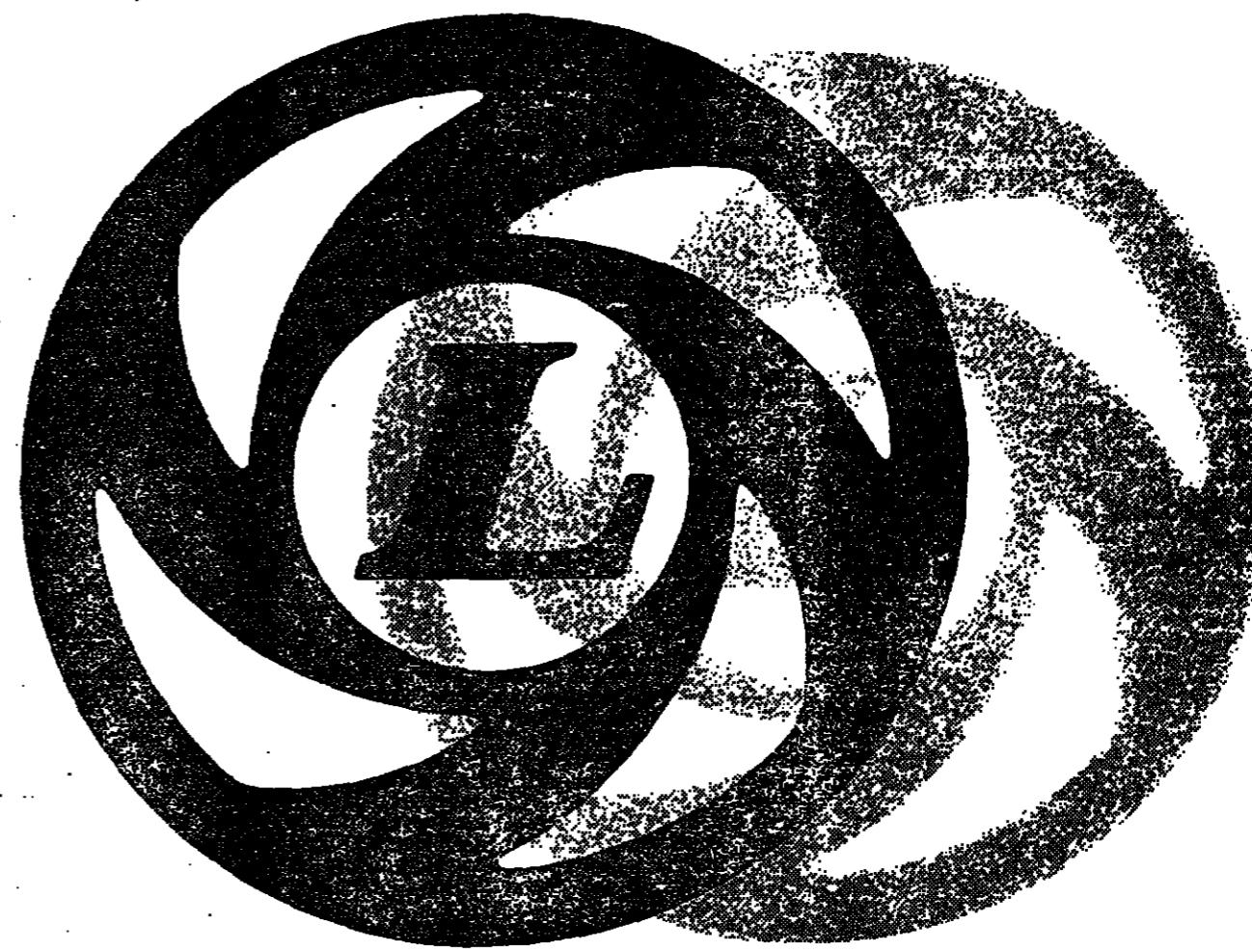
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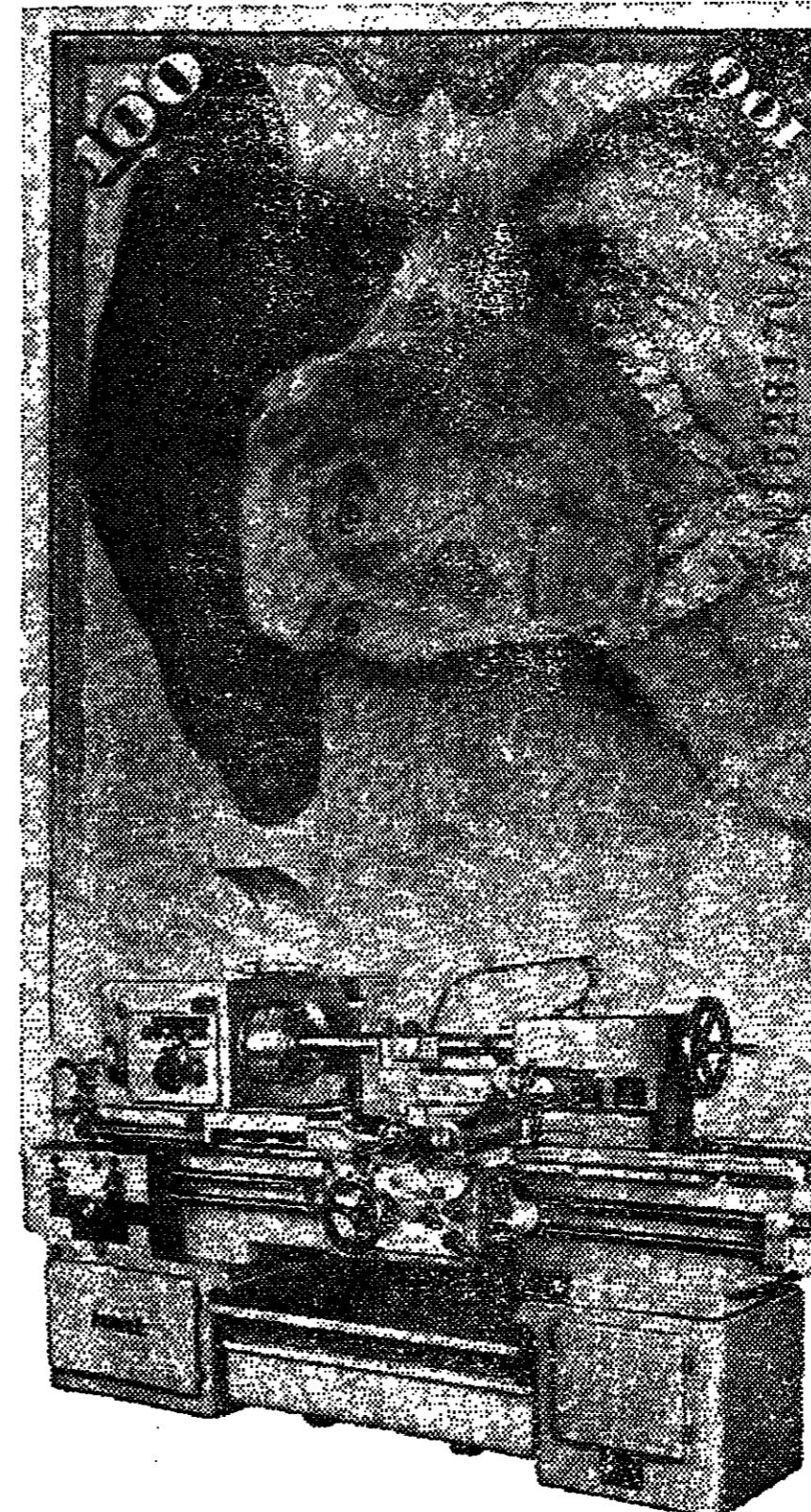
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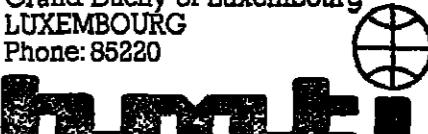
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British aid

CONTINUED FROM PREVIOUS PAGE

sion, irrigation and health services in the rural areas run by British voluntary agencies under the joint funding scheme which pledges one pound for every pound raised for approved voluntary projects. The scheme is likely to expand in the future.

Problems of channelling more official aid to rural development have occurred at both ends of the relationship. One relates to Britain's administration of its aid in India.

Although ODM runs regional development divisions abroad for five major areas of the world where aid is disbursed, India is not covered by a development division. Instead, aid is handled there by a section of the British High Commission in Delhi, with the British Council taking a hand in dealing with technical co-operation. If Delhi had a development division, however, there would be a permanent agricultural adviser on hand to identify and appraise rural development projects.

Argued

The Indian Government has argued in sessions with the Aid India Consortium, of which Britain is a member, that its large foreign exchange reserves (now over \$6bn) are only a temporary phenomenon. They could be exhausted by a couple of poor harvests and their major source — remittances from migrants working mainly in the Middle East (remittances from Indians in the UK account for only about £50m per year) and

proceeds from Indian turnkey projects in Iran and other Middle East countries — could easily dry up. Consequently, India does not wish to see the flow of concessional foreign aid (or its equivalent) reduced.

ODM has, however, devised a system whereby nearly a quarter of its aid will now be used to finance the local costs of projects in India. In July, 1978, after the UNCTAD debt meeting, Britain announced it would be relieving the aid-debt of 17 of the poorest countries in the world. India is the major beneficiary of this "retroactive terms adjustment" since the debt service payments on its past British aid loans contracted between 1958 and 1975, worth £576m between 1978 and the end of the century, have in effect been written off. India will continue to make the debt service payments but Britain will return a corresponding amount annually (about £25m in the initial years) as a grant to be used to finance local costs.

The way is now open for more British aid to rural communities, consistent with the 1976 White Paper, on projects where local costs account for all or most of the requirements. In addition, this year Britain will be spending £10m on mobile health clinics for the rural areas and £30m worth of fer-

tilizers being given for sale to benefit farmers in 3,500 villages throughout India. Aid may also be given to improve the use of waters of the Ganges and Bramaputra if agreement can be reached with two other interested governments. The heavy capital and intermediate goods aid — earthmoving equipment, power installations and maintenance aid — will also continue.

India is likely to remain the largest recipient of British aid,

although the ways in which the aid is used are changing.

One reason why bilateral aid to India may increase further is that India receives relatively little of the aid given under the EEC's assistance programmes which are funded by the nine member states. India receives EEC food aid but very little financial assistance through EEC channels in comparison with the countries of Africa, the Caribbean and the Pacific which are parties to the Lome Convention. There is no prospect of India either wishing or being allowed to join a new Lome Convention, so unless the EEC agrees to increase substantially its aid to the non-associates Britain will want to redress the imbalance by maintaining a large bilateral aid programme to India.

Adrian Hewitt

Exhibitions in Britain offer new perspective

BARRING ONLY some political or diplomatic disaster, Britain can look forward confidently to a rediscovery of Indian culture in 1981. The Indian Government is planning to collaborate in a series of exhibitions to include objects from the collections of India's own museums for presentation in London at that time.

The multi-limbed "much maligned monsters" as Parchin Mitter recently described Indian sculpture in a brilliant book on the history of European reactions to Indian art—are therefore coming to London in what now seems likely to develop into a veritable Indian festival. Not only will there be the exhibition in the Arts Council's Hayward Gallery, but it has been proposed that each of the major London museums, as well as some in the provinces, will have an exhibition of its own on different aspects of Indian art and culture.

It is hoped that the Hayward exhibition will consist largely of objects on loan from India, many of them not seen previously in Europe. The Victoria and Albert Museum is proposing an historical survey of India's decorative arts, drawing from world-wide collections (including of course, its own immensely rich one), to include the later periods—the courtly and urban arts which flourished under the patronage of the Moghuls and other princely Hindu and Moslem courts. It may be that Indian craftsmen will demonstrate their traditional skills in an area of the exhibition which will evoke an Indian street.

Ironic

It is perhaps ironic that space will have to be allocated for a special exhibition of Indian art in Exhibition Road because, until 1955, there existed the Indian Museum as part of the Victoria and Albert Museum complex—at the time without challenge the best in the world in its documentation. Alas, the Indian Museum was dismantled and, worse, the casts of major architectural masterpieces like the Sanchi gates broken up. Some objects went back up to India or were dispersed in

England. How many people today know, for example, that Hastings Museum has in its rooms a complete Durbar hall?

It is also tentatively proposed that, as part of the 1981 programme, the British Museum will devote space to recent archaeological discoveries, particularly of India's pre-history, with special reference to the discoveries made in India since 1947. The Museum of Modern Art will attempt an exhibition on the theme of "Growing up in an Indian village" which will show the stimuli for an Indian child as he grows up in a typical village as an example of a complex process of acculturation. Such an exhibition—devoted more to anthropology than art in the restricted sense—would have to show objects, even part of the actual village itself, perhaps in the style of the enormously successful exhibition in the same museum of Yemen's San'a during the 1976 Festival of Islam. This exhibition, together with the one at the Victoria and Albert, would be of great relevance for the Indian communities in Britain, especially for the children of immigrants who have little chance in Britain of coming into contact with their cultural roots.

In conjunction with this series of exhibitions it is hoped that there will be co-operation and participation—as for the Festival of Islam—from other museums and private galleries throughout the country. There should, ideally, be a concurrent music and dance programme and, certainly, a film festival. What is most lacking at the present stage of planning—and surely will soon be remedied—is a major exhibition of Indian architecture, because however successful the organisers of the other exhibitions will be, their objects will be seen out of the architectural context which in India is almost always the main inspiration and *raison d'être* for the creation of sculpture and even portable objects.

Perhaps the setting for these pieces, and an evocation of the Indian landscape and the importance of their natural and architectural setting, at least could be attempted by showing a series of drawings such as those of the famous Daniel brothers. The organisers are choosing a difficult brief and one might

well question the need for such an exhibition on "traditional" and grand lines. In London the objects will be by definition out of context. To focus exclusively on their aesthetic appeal may even widen the cultural gap rather than bridge it; as such a cool (Occidental) look at an art which is never devoid of ritual significance and almost always an integral part of a building, religious or otherwise, surely must impose on it a 20th century interpretation perhaps as arrogant as was its dismissal by the Victorians.

There has not been a major Indian exhibition in Britain since the Great Indian Exhibition at the Royal Academy to mark Indian Independence in 1947-48. Since then the Americans, the French, the Germans, the Swiss and the Japanese have had major exhibitions. An important one is currently on show in Paris. There is reason therefore to be thankful for the personal initiative of the British High Commissioner in New Delhi, Sir John Thomson, and the efforts of the visiting arts units in this country, who have now made it possible that Britain again will be able to give Indian art the attention it deserves.

The Hayward Gallery exhibition, which will include 300 to 400 objects ranging from the Mauryan period to the 19th century, will consist almost exclusively of sculpture and painting and, in the mind of the organisers, it is intended to show the "Indianness" of Indian art, its essential characteristics and uniquely indigenous elements.

It may be possible that a small stone temple from a site about to be flooded will be dismantled and brought to London—a counterpart of the evocation of Cace I of Ajanta in Paris.

The British public therefore will be able to come to grips with an art tradition which has long been misinterpreted and, indeed, has frightened off the average Westerner. In this, the exhibition might not be very different from the Paris exhibition. It is hoped, however, that certain themes, other than historical and chronological, will emerge as a result of bringing the objects together, but it is too early at this stage to define which of these themes will direct the exhibition. Perhaps it will be divided historically; or according to the four main religions: Hinduism, Buddhism, Jainism and Islam and their offshoots; or on the interplay between Indian life, thought and practice.

The organisers are choosing a difficult brief and one might

learn many lessons to be made from Indian art but these lie more in spheres other than the purely aesthetic approach. Perhaps an exhibition which concentrated on one theme might therefore more successfully illuminate this difficult problem.

Philip Rawson's very successful "Tantra" exhibition at the Hayward Gallery in 1971 is perhaps the best precedent for an exhibition focussed on one single aspect of a culture in all its detail and artistic manifestations. "Shiva and the dance of creation," or "The Buddha and the inward eye," might be others. The time has surely come, it might be argued, when we can leave behind the great survey exhibitions so popular in the colonial 19th century.

Instead, we should arrive at the detailed point of interest of a great culture whose art we hope to exhibit. We should wish to guide the many visitors to India—and a post-colonial generation of Britons—towards a real appreciation of the range of artistic manifestations of a culture rooted in a complex philosophy and a difficult and alien religious iconography. It should be possible to devise a series of exhibitions which would demonstrate the paradox of the present validity of Indian culture for the understanding of our own pre-Christian past and the increasing turgidity of Western appreciation of India's art.

It will be fascinating to see whether the exhibitions will concentrate on the different religious current in India and the sacred icons devised for their

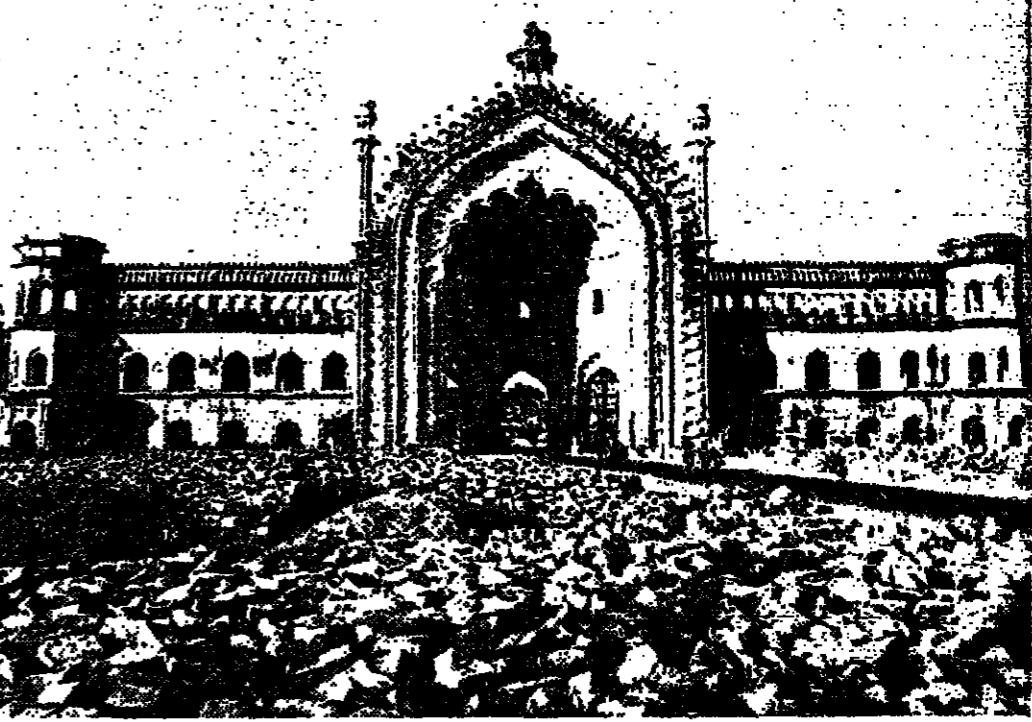
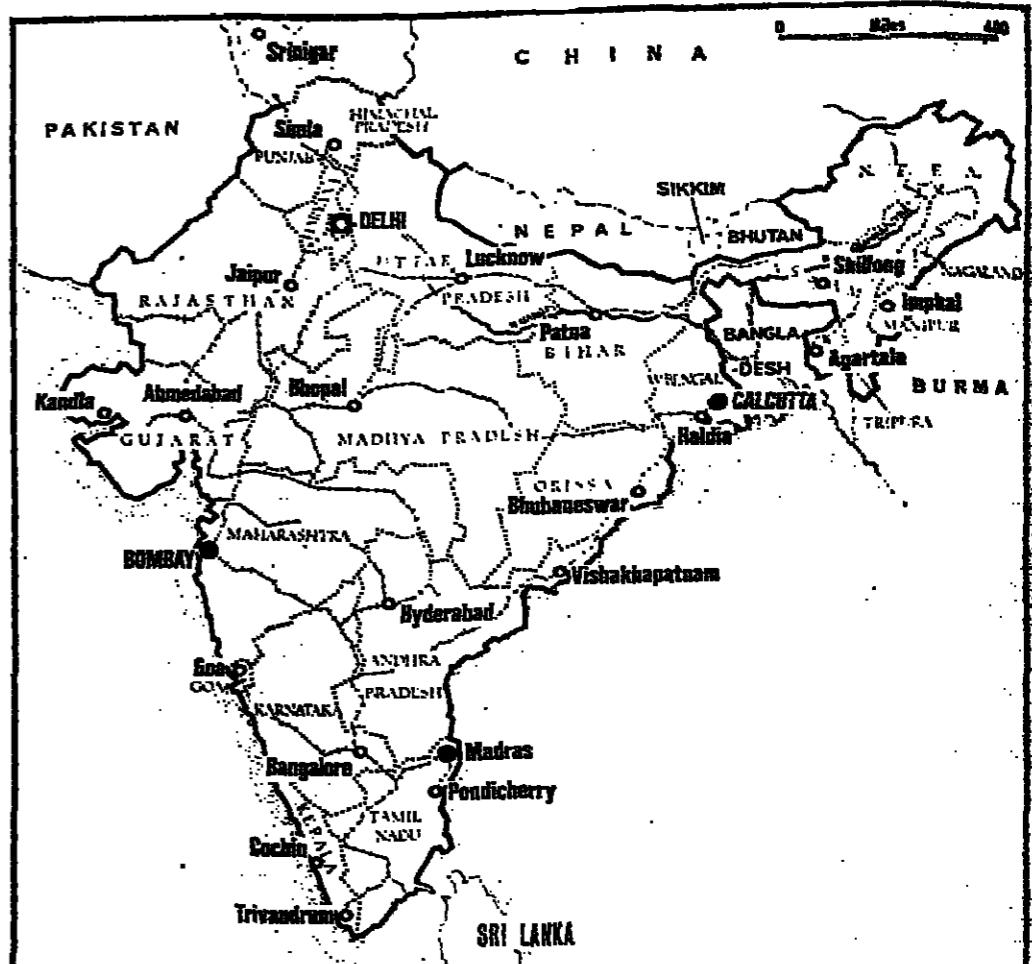
rituals, or on an exploration of modes of aesthetic expression (spiritual, sensuous, erotic,emonic, courtly or everyday life) or on the esoteric principles (asceticism, duality, androgynous and animal imagery) the creative forces, the Mother-goddess (what a wonderful subject for an exhibition she would be!). We might hope at least for a medium-sized exhibition, in some gallery or other, of single aspects of Indian art touching on such diverse themes as the "Buddha image," or "foreign influences from ancient Rome to present times," or "modern architecture in India from Le Corbusier to Louis Kahn" and so on.

Certainly a place must be made for the extraordinary range of traditional Indian textiles, a major source of inspiration—and cash—for European artists and British industry in the past. It would be enough to bring out the contents, if not the setting, of the Calico Museum of Textiles in Ahmedabad—one of the most beautiful and pleasing museums in the world—to be assured of a seminal exhibition.

And what of the main themes? The "Erotic" (of which too much has been said in the West already), or the "Indian sense of the Terrible" (which has not been given adequate attention)? The possibilities at this stage of early planning seem endless. And will the London dealers jump on the bandwagon with yet another spate of increasingly more expensive Indian miniatures, or will they be more adventurous at this time?

Whichever shape this Indian festival will take, the exhibitions will provide ample opportunity to display many of the forgotten Indian objects still in Britain which have been consigned to storage and oblivion with the loss of the old Indian Museum building. Meanwhile, a replacement for it has yet to be found, although by incorporating other oriental collections the about-to-be-vacated St. George's Hospital at Hyde Park Corner surely would be ideal in size and location. Maybe, at last, the gods and demons of India may be placated, and welcomed, in London.

Dalu Jones



Rumi Darwaza, the Constantinople Gate of Bara Imambara at Asfi, Lucknow
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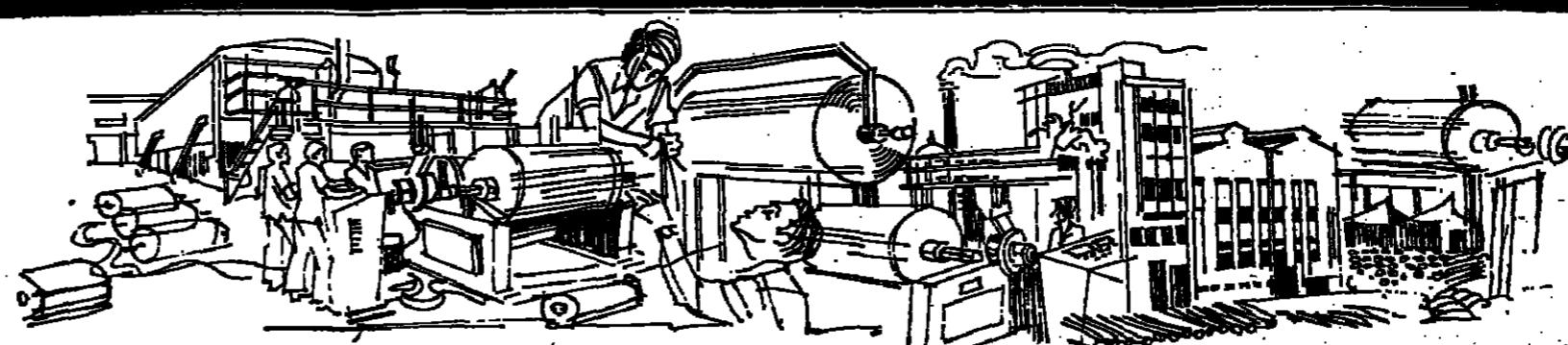
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THE DEVOLUTION REFERENDUM - SCOTLAND

A spider's web of issues

By RAY PERMAN, Scottish Correspondent

OBERT BURNS, whose immortal memory is celebrated in countless toasts at this season in Scotland, was unequivocal about where he stood on the fate of the last Scottish Parliament. What he would think of the proposal to establish a new one is not so certain, although both sides in the campaign now building up for the referendum on March 1 have claimed the bard as a supporter of their own cause. Mr. Willie Ross, the former Secretary of State for Scotland, went as far as claiming in Labour Party political broadsheet that Burns would have been in favour of the Government's devolution plan but against the Scottish National Party's independence policy. Had the broadcast continued for another two minutes Mr. Ross might also have found a few lines to show Burns's backing for the 5 per cent pay guideline.

But if we cannot be sure what Burns would have thought, nor can we be sure about how Scotland will vote. The rule inserted into the Scotland Act by opponents of devolution requiring at least 40 per cent of the electorate (rather than those voting) to declare themselves in favour before a legislative Assembly can be set up in Edinburgh has made the contest an open one. It may be safe to predict that there will be a majority "Yes" vote. It is not safe to say whether it will be big enough to carry the Act into law.

So the "yes" and "no" campaigners are taking the battle very seriously indeed. Their lines were drawn up before Christmas, but so far it has been a phoney war. The groups and parties involved have been

ATTITUDES TO DEVOLUTION

	Mar. 77	Feb. 78	Mar. '78	Oct. '78	Jan. '79
YES	53	55	55	59	52
NO	31	28	26	29	29
DON'T KNOW	16	17	19	12	19

Source: System Three, Glasgow Herald

setting up local organisations, fund raising, ordering stickers, posters and leaflets, and finding out who is for them and who against. The campaign proper is about to begin an intensive three weeks of public meetings, doorstepping and advertising.

The issue at stake is a complex one. The Scotland Act never, without its critics, even among its friends, was made more difficult for the layman to comprehend by the numerous changes wrought by its enemies as it picked its faltering way through the Commons. The result is a tangle of endless threads to be pulled out for public examination during the campaign. Those who imagined two years ago that a devolution referendum could be carried by a simple appeal to patriotism are now disillusioned. It has already emerged that there are a number of important strands to be followed and important points on which the electorate wants to be satisfied. The problem is to decide whether they can best be answered by voting for or against.

For example, the "no" campaigners argue that devolution, like soft drugs, leads to harder things. That once an assembly is set up, the road will be open to the separation of Scotland from the rest of the United Kingdom and that it will be steep and downhill. On the other hand, the Labour Party "yes" campaigners argue that the reverse is true; that devolution is the only way to put a stop to the slide to independence which, without it, would gather momentum.

Then there is the question of bureaucracy. The "no" side says that it is impossible to set up a new parliament without

a vast increase in the number of civil servants and the cost of administration. The "yes" side maintains that the Scottish Office's 10,000 civil servants have grown so numerous and powerful because they have not had a parliament to oversee them properly.

And so it goes on. To each issue there are at least two sides. It is hardly surprising therefore, that as arguments are not clear cut, neither are the divisions between the groups that propose them.

There are four main bodies urging a "yes," with a number of smaller campaigns, and two or possibly three fighting for a "no."

Leading the "yes" side, there is the Labour Movement Yes Campaign, an alliance of the Scottish Council of the Labour Party, the Scottish TUC and the Co-operative Party. Most of the funds will be provided by the Labour Party, which has been allocated £30,000 by Transport House in London for the job. Trade unions will be contributing mostly at local level. The combined effort will cover the whole range of political armoury—leaflets, posters, political broadcasts, door-to-door canvases—but the main force is undoubtedly going to be a series of big public rallies in major cities featuring all the

stars names Labour can muster, beginning with the Prime Minister Mr. Callaghan, in Glasgow next Monday, and including no fewer than seven cabinet ministers.

It is Labour's weakness that it has never been thoroughly convinced, even in Scotland, that devolution is a good thing.

Mr. Gordon Brown, who is co-ordinating the Labour effort, believes that there will be sufficient support within the party to provide a campaign of some form in each of the 71 Scottish constituencies. Others are not so sure. About a dozen constituency Labour parties may not set up "yes" campaign committees. At least half-a-dozen Labour MPs are urging people to vote "No."

The Scottish Nationalist Party, which is all but unanimous in its support for devolution, is also campaigning for a "Yes," but separately from Labour. Together, the two parties would make a formidable team, since the SNP has in local government what Labour lacks, while Labour can bring out the bigger names for the set-piece rallies. But Labour has spurned all co-operation. It wants to distance itself from the SNP's independence policy, and to accrue to itself the maximum political kudos for setting up a Scottish assembly.

The "no" side is less fragmented. The main grouping, Scotland No, has the support of most of the Conservative Party leadership in Scotland, the business community, and a num-



But pith and power, till my last hour,
I'll make this declaration,
We're bought and sold for English gold,
What a parcel of rogues in a nation

Robert Burns

ber of prominent figures in Scottish life such as churchmen, industrialists and former politicians. The very professional way in which Scotland Says No is conducting its campaign with, for example, a public relations consultant, its own commissioned opinion poll, eye-catching literature and an advertising campaign still to come which will include billboards and large advertisements in more than 80 Scottish newspapers, has led to the charge of "business money" being behind it and, more particularly from the SNP, of English gold financing the attempt to kill Scotland's chances of getting its own parliament again.

Scotland says No claims to have donations from a wide variety of people, small sums as well as large, but there seems little doubt that most of the £80,000 plus it will spend will come from industrialists if not exactly from corporate funds.

Scotland says No includes several past and present Labour politicians, but there is also a separate group of Labour anti-devolutionists campaigning under the banner Labour Vote No. Its principal speakers are Mr. Tam Dalyell, MP for West Lothian, and a tireless opponent of a Scottish Assembly, and Mr. Robin Cook, MP for Central Edinburgh. The Labour Party takes its internal splits very seriously and, even at this early stage, there have been intense meetings in trade union halls around the country to debate the issue and relate it to the established currents of socialist thought.

If there are such debates in the Conservative Party they are conducted in private. The

MP Taylor takes an opposite

Tories are much less split than Labour on devolution, but they are split none the less. A recent opinion poll showed that 89 per cent of Scottish Conservative voters are in favour of the Government's proposal, with 45 per cent against and the remainder undecided. Most of the party leaders are against devolution and, like Mr. Teddy Taylor, the shadow Scottish spokesman, are campaigning vigorously on the no side. Yet at a special conference the party took a decision not to mount a separate campaign, partly as a gesture to those fellow members who still cling to the devolution commitment made by Mr. Edward Heath, the former Tory Prime Minister, and partly for fear that the referendum will result in a heavy "yes" vote and that the Conservative Party will suffer badly from being too prominent on the losing side.

Mr. Taylor takes an opposite

view and, secure in his belief that there will be a massive "No" on March 1, wants his party to be seen in the vanguard of the anti-devolution lobby.

That is the list of the opposing factions. It is long, but not exhaustive, and does not include, for example, the Liberals, who launched their campaign on Friday; the Communists; and several student groups. In the next few weeks all will be stuffing their leaflets through every door in Scotland.

The campaign has not been without its lighter moments. The Glasgow Herald ran to earth a self-confessed SNP fifth columnist who, to the horror of his party headquarters, had insinuated himself into the "No" campaign in order to sabotage it. "I delight in attending Tory dances for the same reason," he said. Robert Burns will be turning in his grave.

Letters to the Editor

The future
of detente

From Mr. I. Baranikis

Sir.—You announced (January 15) that Britain hopes to conclude a £10bn trade deal with China, which will include the supply of electricity generating plant, mining equipment, ships, Harrier jump-jet fighters and aircraft components and a metallurgical plant.

In principle, it is natural that trade between Britain and China should expand. For the British economy such major deals mean new markets, whereas for the Chinese economy, in its present condition, modern equipment and technology are essential.

But in this case there are non-economic aspects to be considered. I believe that both parties to this agreement are pursuing definite political aims. With regard to China, its modernisation is, regrettably, required not only and not so much for peaceful endeavours as for preparations of war.

One cannot help gaining the impression that the object of London's "Chinese policy" is to increase the tension of Soviet-Chinese relations.

History provides examples showing that such calculations are fraught with dangerous consequences. The natural reaction of the Soviet Union and her allies to such steps can only be a diminished trust in Western countries who pay lip service to furthering detente and arms reductions but, in reality, create further tension in the world.

In his message to Prime Minister Callaghan, Leonid Brezhnev pointed out that to encourage the militarisation of China means complicating the settlement of international issues, undermining the mutual trust that has been built through detente, and opening a new phase of the arms race.

Are those who gamble on the Chinese card thinking about the responsibility they assume for the future of detente?

Ilya Baranikis,

Novosti Press Agency,

2, Pushkin Square, Moscow.

Promoting
healthFrom the Director, Unit for the
Study of Health Policy,
Department of Community
Medicine, Guy's Hospital
Medical School

Sir.—Those of us with an interest in matters of health, and particularly those with an interest in effective prevention of illness, will be encouraged by Dr. Keith MacMillan's study of corporate social responsibility in the U.S. (January 17).

Dr. MacMillan's main finding, that social affairs are taken more seriously in the U.S. than in the UK, should act as a powerful stimulus to those who (with some justification), judge that in some ways Britain is pursuing industrial and economic policies that are in some respects accurately described as "health-damaging" rather than "health-promoting" and wealth creating.

The continued high expenditure on tobacco promotion (last figures made public, £70m-80m per annum) and a government grant of £10m to build a tobacco factory in Northern Ireland, are perhaps only the more obvious kinds of recent examples. The con-

tinued promotion of sugar, white flour and other refined carbohydrate products at the expense of promoting foodstuffs containing a normal amount of cereal fibre, constitutes another serious problem.

While recognising the "hard economic realities" of international competitiveness and so on, the time does seem long overdue for a tough and thoughtful look at corporate and union responsibility. It is sometimes, literally, a matter of life and death!

(Dr.) Peter Draper.

USSP, 8 Newcomen Street, SE1.

Paroxysm of
inflation

From Professor Dudley Johnson

Sir.—I believe that only the Government and its agents cause inflation. But, first I want to reflect about matters that are so familiar that they no longer seem, as they should, astonishing and disquieting.

As recently pointed out by the American writer Mr. Vernon Royster, there arrives a time in the history of a nation when one issue is so vital to its future that it overrides all other political considerations. Such periods test the vision of its leaders and the resolution of its people. Today, in my judgment, it is inflation. If not eliminated and instead allowed to accelerate, it will be as destructive to society's economic and social structure as an invading army. All of this may be familiar, but what it is not is that for the present time inflation is the issue that is so vital that it swamps all other political questions. The question is whether the leaders in the free world see the nature of the challenge, and will the people have the resolution to meet it?

It should never be forgotten that almost always, whenever a Government has persisted, it has done so in the paroxysm of inflation. As Mr. Theodore H. White, the American political writer, states from the Sung dynasty in China (960-1126), which issued paper currency that passed as money, to the French Revolution, from the Confederacy of the U.S. to the Weimar Republic, inflation has accompanied the death rattle. Now, to some technical matters.

Compared with the dark ages of monetarism in the decade or so following World War II, when no one except a few diehards attached any importance to the money supply and when fiscal policy dominated discussion of macroeconomic policy, monetarism has arrived. Some would say, myself included, that it is relatively triumphant. What is left currently is to determine the final score, for example, what role to assign to deflationary fiscal policy?

I treat the nominal stock of money and its rate of growth as variables whose magnitudes are fixed outside the system—the money supply is primarily determined by central bank actions: money supply growth is the independent causal factor governing the rate of inflation.

No monetarist wishes to have his salvation depend on the literally complete independence of any variable in a complex independent economy—no central bank has a dial which can produce instantaneously a desired change in the money supply, especially in a fractional reserve system. But there exists a vast amount of both

empirical and theoretical literature on the determination of the money supply, which shows incontestably that central banks can control, if desired, movements in the money supply over a short enough period so that monetary growth is the factor governing the rate of inflation. Furthermore, there exists a statistical technique (Sims test) to test the hypothesis of reverse causality running from income to money. The tests reject this—that is, the notion of passive income—determined growth and accept the monetarist view of the channel of influence running from money to spending to GNP to prices.

It is important, however, to note that this does not preclude that income may influence money indirectly through the policymakers' reactions to changes in the economy. This has been called the "political economy" of monetary growth. For example, many sophisticated cost-push theorists know that if aggregate monetary demand is not increased to sustain cost induced increases in prices, a wage rate growth in excess of productivity improvements creates unemployment and rising prices. Therefore, they have argued that the behaviour of the authorities is not independent of market processes—that is, the Government's commitment to maintain high employment creates a quasi automatic link between wages and prices. Thus, unions, by currently anticipating the response of economic policy makers, can set a wage rate which can uniquely determine the inflation rate. But, please note, even under these conditions accommodating expansionary growth in the money supply would be a necessary condition for inflation to continue. Whether this is currently the case in countries experiencing inflation and having strong trade unions is an empirical question. It has, however, not happened yet in the U.S.

Does an anti-inflation policy do mostly harm to "the patient" with little effect on the "disease"? The question really is how must unemployment and foregone output will cost not to eliminate inflation? Given the way economic agents adjust themselves to various inflation rates, society is going to have higher unemployment either way. I am not oblivious to the socio-economic hardships associated with ending inflation. Ending inflation is a difficult problem for a country like Britain with approximately 60 per cent of GNP being spent by government. But a country with continuous high rates of inflation has only a choice between when it wants the unemployment to come: during the time the disease (inflation) gets worse, or when it is getting better?

Professor Dudley W. Johnson
(Professor of Business
Economics, University of
Washington, and Sir John Cass
Senior Research Fellow, 1978-79)
City of London Polytechnic,
St. Margaret's, E.C.

Running the
buses

From Mr. J. Redwood
Sir.—Your article on the subject of bus transport (February 1, page 30) and the fortunes of the National Bus Company does not live up to your usual high standards of critical journalism.

J. A. Redwood,
All Souls College,
Oxford.

GENERAL

UK: Mr. Gordon Richardson,
Governor of the Bank of England,
Mr. Jacques de Larosiere, managing
director of the International
Monetary Fund, and Sir Kenneth Cork,
Lord Mayor of London,
speak at the Overseas Bankers' Club
banquet, Guildhall.

TUC Economic Committee
meets Ministers to discuss pay
levels, Congress House.House Builders' Federation
statement on house building
prospects.Sir Monty Finniston, chairman
of inquiry into the engineering
profession, Sir Terence Beckett,
Chairman and managing director of
Ford Motor Company, and Mr.

Kenneth Corfield, deputy chairman
and managing director of Standard
Telephones and Cables, are among
speakers at "Engineer and Society"
two-day seminar, Odeon Cinema, Marble Arch, WL.

Dr. David Owen, Foreign Secretary,
speaks at Nottingham area
National Union of Mineworkers
conference, Sutton-in-Ashfield.Overseas: EEC Agricultural
Ministers meet in Brussels to
discuss farm financing.Mr. Pierre Trudeau, Prime
Minister of Canada, and ten provincial
premiers meet in Ottawa to review the constitution.

Today's Events

Mediterranean countries' delegations
meet in Cannes to discuss
pollution.

Mr. Deng Xiaoping, Chinese vice-premier, leaves Seattle for
three-day unofficial visit to Japan.

Select Committee: Expenditure,
education, arts and home office
sub-committee. Subject:
Women and the penal system.

Room 13, 4.15 pm.

COMPANY RESULTS
Final figures for December
wholesale price index numbers.
December hire purchase and
other instalment credit business.
Building society house prices and
mortgage advances (fourth quarter).
PARLIAMENTARY BUSINESS
House of Commons: Vaccine

See Financial Diary on page 40.

Williams & Glyn's
believes small
businesses deserve
all the help a bank
can give

The small business may well need more service from a bank than a big one. The managing director is probably his own finance director and chief accountant, and he needs all the help a good bank can give. Williams & Glyn's is uniquely placed to give him that help because we believe that the amount of time a bank spends on a company's affairs should not be related to the size of its balance but to the size of the problem, or the opportunity.

We have made a point of gearing ourselves to handle the business of smaller and medium sized companies at least as carefully as the biggest. Our branches are kept to a realistic size so that we can allot more management time to individual accounts and we encourage managers to visit customers on their home ground in order to obtain a first hand understanding of their business. In short, we are prepared should you wish us to do so, to involve ourselves in your business to a much greater extent than usual.

Companies and Markets

BIDS AND DEALS

Revaluation gives EPC shares 68p backing

BY MICHAEL CASSELL

NET ASSETS of English Property Corporation amount to £71m, equal to 68p per share fully diluted—according to the directors of the company who this weekend published draft accounts in response to a 37p a share bid from Dutch property group Wereldhave.

Last Friday, Wereldhave made a revised £50m cash offer worth 46p per ordinary share and said that it had been conditionally accepted by Eagle Star, which has a 21 per cent stake in EPC and had earlier made its own 45p share bid for the outstanding equity.

In a letter accompanying the EPC draft accounts, Mr. Stanley Honeyman, chief executive, confirms the company's Friday night rejection of the latest Wereldhave offer which is "still inadequate."

The accounts, for the year ended October, 1978, show net assets of £71m against £67m in the previous year, although the directors point out that the 1977 asset figure has been adjusted downwards from £89.8m to £76m to reflect a shortfall in value of its Brussels development properties at that time.

A worldwide independent valuation on an open market value basis of all the group's completed investment properties—with the exception of UK properties sold since October 31, 1978 (about £3m) or now being sold (about £2m)—was, as a result of the Dutch bid, extended to include all development properties in the UK and Belgium.

A valuation has been obtained of about 33 per cent by value of the North American development properties, with the remainder subject to directors' valuations.

EPC says that the aggregate open market value of its development properties now amounts to £7m in excess of the value at which they are incorporated in the statement of net assets, equivalent to 7p per share.

Profit before tax is shown at £9.3m, the same as in the previous 12 months but the directors point out that the amount capitalised shows a further reduction to £13.3m from £20.1m a year earlier. In 1978, the amount capitalised was £6m. The directors say that, on the

basis of the draft accounts, they propose to recommend a final dividend of 1.05p per share, which together with the interim paid in January will amount to 2.3p, the same as for last year.

In a footnote to the shareholders' document prepared before the latest Wereldhave offer and Eagle Star's acceptance of it, the directors say the Eagle Star bid proposals "now leave us in no doubt that the asset value now available clearly supports EPC's opinion that Wereldhave was attempting to acquire the company at well below its true worth."

Mr. Honeyman said the document was not intended as a detailed counter-argument to the original Dutch bid, which had not been worthy of such treatment. The Board's position had not changed as a result of the latest offer.

Mr. Honeyman said shareholders will receive another letter after receipt of the Wereldhave offer document, expected sometime this week.

EPC shares are due to be requoted today after Friday's suspension at 44p. See Lex

Another Reed sale—lumber businesses going for £8.4m

In furtherance of its policy to dispose of its Canadian interests, Reed International announces that Reed Paper has agreed in principle the sale of certain of its lumber businesses to ALPA Lumber Inc. The consideration is £820m (some £8.4m) to be settled by £10m cash and a £10m 8½ per cent debenture payable over five years.

A few days ago Reed announced the sale of its linerboard, corrugated container and paper waste recycling businesses in Montreal, Toronto and Mississauga and Buffalo to Domtar for some £27m (£1.3m), and said it was in negotiation for further disposals.

The latest sale will include the Reed Paper assets and businesses related to manufacturing, processing, and distribution of

lumber products and building materials, but exclude its saw mill in North Western Ontario. The sale was approved by the Board following consideration of an independent valuation of the business and assets involved in the transaction.

Proceeds from the sale, together with the elimination of Reed Lumber's bank borrowings of nearly £17m, will improve both Reed Paper's cash and debt positions.

The principals of ALPA are present and former employees of Reed Lumber, a subsidiary of Reed Paper, and include Mr. D. A. MacIver, president and chief executive of Reed Paper.

David Dixou and Son Holdings—Birmingham and Midland Counties Trust now holds 500,000 ordinary shares (27.52 per cent).

ASSOCIATE DEAL

W. I. Carr has purchased on behalf of Gresham Trust, advisers to Crown House, 5,000 Best and May shares at 83p.

SHARE STAKES

Associated Biscuit Manufacturers—Rowntree Mackintosh has acquired a further 670,750 ordinary shares raising holding to 25.96 per cent.

Elswick-Hopper—G. Calvert, director, has sold 135,000 shares to meet personal financial commitments.

David Dixou and Son Holdings

Birmingham and Midland Counties Trust now holds 500,000 ordinary shares (27.52 per cent).

FINANCE FOR INDUSTRY TERM DEPOSITS

Deposits of £1,000-£50,000 accepted for fixed terms of 3-10 years. Interest paid gross, half-yearly. Rates for deposits received not later than 12.7.78.

Terms (years)	3	4	5	6	7	8	9	10
Interest %	12½	13	13	13½	13½	13½	13½	13½
Mon.	11.684	11.494	11.304	11.114	10.924	10.734	10.544	10.354
Tues.	11.730	11.435	11.245	11.055	10.865	10.675	10.485	10.295
Wed.	11.854	11.730	11.615	11.490	11.365	11.240	11.115	10.980
Thurs.	11.798	11.730	11.665	11.600	11.535	11.470	11.405	11.340
Fri./Sun.	11.724	11.730	11.695	11.630	11.565	11.500	11.435	11.370

SIMCO MONEY FUNDS

Safeguard Investment Management Co Ltd, 66 CANONSTREET EC4N 6AE, Telephone: 01-236 4252

Rates paid for W/E 4.2.79		
Call	7 day	7 day
% p.a.	% p.a.	% p.a.
Mon.	11.684	11.494
Tues.	11.730	11.435
Wed.	11.854	11.730
Thurs.	11.798	11.730
Fri./Sun.	11.724	11.730



MARLEY

A diversified and growing company as these compound increases in profits show:

Over the last 25 years - 12% p.a.

Over the last 10 years - 16% p.a.

Over the last 3 years - 19% p.a.

1978 over 1977 - 21% p.a.

The record profit of 1978 is just another stepping stone to even greater profits.

The spread of activities is widening further with larger expenditures on new investment.

There are significant developments overseas.

Management is strong and finances are sound.

For more information write to The Secretary, Marley Limited, Riverhead, Sevenoaks, Kent.

LONGTON TRANSPORT (HOLDINGS) LIMITED

INTERIM REPORT (UNAUDITED)

Turnover increased by 21% Pre-tax profit increased by 31%

Half year Half year Year ended ended ended

30.9.78 30.9.77 31.3.73

£'000 £'000 £'000

16,641 13,778 27,879

324 628 1,146

545 547 1,028

1.25p 1.1p 3.85p

Turnover Profit before taxation Profit after taxation Interim dividend per share

All divisions in the Group showed increased profits in the half year to 30th September, 1978 as compared with the same period in the previous year, and this improvement has been maintained during the last quarter of the calendar year 1978.

However, recent problems caused by strikes and picketing will obviously have an adverse effect on Group profits, but providing there is an abatement of these troubles in the near future some significant improvement, as compared with the previous year, can still be expected.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any shares.

THE CHEPSTOW RACECOURSE COMPANY LIMITED

(Incorporated in England under the Companies Acts 1908 to 1917)

£111,530 5% Convertible Unsecured Loan Stock 1988 at par

The Council of The Stock Exchange has admitted to the Official List the above Loan Stock. Particulars relating to the Stock are available in EXTEL Statistical Services Ltd. and copies of the statistical cards may be obtained during usual business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 19th February 1979 from:

LYDON & CO.
Austin Friars House,
2-6 Austin Friars.
London, EC2N 2EE.

UK COMPANY NEWS

LASMO's share in Ninian currently at 7.78%

BOARD MEETINGS

Proposed meetings of shareholders have been arranged for the following companies:

—Gulf and Suez Shipping Company, London, February 13.

—Ferodo, Gloucester, February 14.

—Fisons—Cotton and Small Firms, London, February 14.

—Tulip, Clevedon, February 14.

—Investment Trust, London, February 14.

—Futura, Newbury, February 21.

—US Defense Corporation, London, February 21.

—AC Cars, London, February 21.

—Carrington Vynells, London, February 21.

—Glossop Corporation, London, February 21.

—Renown Incorporated, London, February 21.

—Securicor, London, February 21.

—Security Services, London, February 21.

—Turner and Newall, London, February 21.

—U.S. Defense Corporation, London, February 21.

—Future Dates

—None.

Bank and a new syndicate led by Williams and Glyn's Bank for the provision of additional loan facilities of £30m and £9m respectively for the further financing of its share of the Ninian field, then still at the provisionally agreed 9 per cent.

LASMO explains that the Ninian Unit Agreement was concluded on January 25, 1979. It governs the control and management of the Ninian Field, sets out the manner in which the field's costs and production will now be shared among the participants and lays down the formula for future redetermination of the participant's equity interests.

"In 1975 it had been provisionally agreed on the basis of initial exploration and appraisal drilling that 70 per cent of the Ninian Field was attributable to block 3/3 and 30 per cent to block 3/8 (in which the company has a 30 per cent interest)."

"We thus had an overall share of 9 per cent," says LASMO's chairman Mr. G. W. Searle.

But because of the redetermination of the participants' equity interests, 74.04 per cent of the oil in place is attributable to block 3/3 and 25.96 per cent to block 3/8. "Accordingly the company's interest in the Ninian field is currently 7.78 per cent and this percentage indicates the company's present entitlement to oil production," adds Mr. Searle.

Up to December 31, 1978 LASMO had paid 9 per cent of all capital costs. Under the Ninian Unit Agreement LASMO is to provide an additional £19.2m to complete its share of the £34.5m production costs less a repayment of £12.7m on all other capital expenditure, a net additional payment of £6.5m.

LASMO is to receive about £8m for the sale of a 15 per cent interest in the main pipeline to the Sulham Voe terminal and a corresponding share in the terminal for the development of the Magus Field, to BP. So far £2m has been received.

LASMO concluded negotiations last November with Midland

Bank and a new syndicate led by Williams and Glyn's Bank for the provision of additional loan facilities of £30m and £9m respectively for the further financing of its share of the Ninian field, then still at the provisionally agreed 9 per cent.

The loans drawn under these new facilities carry a rate of interest of 2 per cent per annum over the London interbank offered rate, and are repayable by June, 1982.

In addition LASMO has an agreement with BP, whereby BP has agreed (for a fee) to provide a guarantee on additional funds lent by third parties to LASMO. The guarantee can be taken up any time up to December, 1981 and is subject to a maximum total of £19.2m.

LASMO has decided not to arrange bank facilities under this guarantee as it is not certain that they will in fact be required.

Meanwhile, the dividend payments will be restricted until borrowings and undrawn facilities have been reduced to a level which, on current cash flow

terms, will be a maximum of 3 per cent of turnover.

In the year ended October 31, 1978 profit rose from £1.85m to £2.65m and compared with a May 1978 prospectus forecast of £2.5m.

Meeting, Worthing, February 27 at noon.

F.T. Share Information Service

The following securities have been added to the Share Information Service appearing in the Financial Times:

Arlen Electrical (Section Electricals).

Gosforth Industrial (Section: Industrials):

Gresham House Estate (Section:

INTNL. COMPANIES and FINANCE

Administration ruling cramps Chrysler's borrowing style

By JOHN WYLES in NEW YORK

THE CARTER administration is believed to be considering various forms of aid for the financially troubled Chrysler Corporation but the struggling auto company looks unlikely to be able to draw the \$250m of Federal loan guarantees which it sought late last year.

According to a New York Times report, at the weekend, the Administration has decided to limit federal loan guarantee assistance to any one company to \$50m. This was on the recommendation of a top level study group set up in the middle of last year after American Motors Corporation informally sounded out the government on the prospects for \$100m of guarantees.

Official confirmation of the

G & W views Uniroyal purchase

materially chance its need for assistance in raising money for a \$7.5bn, five-year capital development programme.

If this, some \$300m has to be found from continuing operations where the outlook is decidedly sticky. Chrysler lost about \$280m in 1978 and analysts' estimates of its losses in the coming year range from \$155m to \$300m.

The company is believed to have outlined its financial problems at a meeting in early December involving Chrysler executives, Peñin Kobayashi, a leading investment banker with Lazar Frères, and Mr. Stuart Eissenztein, the President's Assistant for Domestic Affairs. Chrysler's original application for loan guarantees was connected with its plans to construct a new manufacturing plant in Indiana. Cancellation of this project earlier this month did not, however,

materially change its need for assistance in raising money for a \$7.5bn, five-year capital development programme.

Uniroyal, Inc., the third largest U.S. tyre manufacturer with 64 plants worldwide, has been placed on the list of candidates for possible acquisition by the giant conglomerate, Gulf and Western Industries.

Initially, there was some surprise on Wall Street that Uniroyal should have attractions for G and W disclosed on Friday that it had purchased a 6.1 per cent interest in the company. But Uniroyal falls neatly into the category of "walking wounded" companies from which G and W has made some of its most successful acquisitions.

The subsequent recovery of many of these businesses is stressed with pride in the company's recent annual report celebrating its growth over 20 years from a supplier to the automotive industry with sales of \$3.4m to a vast diversified business with sales in 1978 of \$4.3bn. The list of companies restored to health range from New Jersey Zinc, acquired in 1966 through Paramount Pictures, also bought in 1966 to Kather Roth acquired in 1976.

Recent "investments" made by G and W include 13.47 per cent in Sherwin-Williams, the leading U.S. paint company which may be a prelude "some type of amalgamation" and 6.1 per cent of Hollywood Park Inc, a California race track company.

G and W started buying Uniroyal stock at the beginning of December, and a spokesman for the tire company said on Friday that although it had realised that its shares were in demand, it had not known that G and W was the purchaser until the conglomerate had made the requisite filings with the Securities and Exchange Commission.

Uniroyal has been struggling to make ends meet in the past four years. Its U.S. tire business has been only marginally profitable because of sharp domestic price competition and its leisure shoe business, built around the Keds brand name, has been a heavy loser.

While phosphoric acid prices dropped well below \$200, Triomf and Goseciles entered into bitter litigation over the validity of their contract.

Loss of its Goseciles market,

together with high phosphate rock prices from the South African state-owned producer Foskor, coupled with heavy interest burden on its Richard Bay plant led Triomf to a R12.4m trading loss in 1977.

According to industry sources, phosphoric acid prices have now risen to almost \$300 per tonne

from \$250 per tonne worth a total of R1.35bn.

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INTERNATIONAL CAPITAL MARKETS

INTERNATIONAL BONDS

A flood of new issues released

THEY WAS plenty of good news to cheer the dollar sector of the bond markets last week, not least a flood of new issues. \$825m worth of new issues are on offer currently, the highest figure since early last year.

Most market participants were too busy dealing with this inundation of issues to spend too much time trading. Even if they had, they would have found little serious institutional interest in buying existing bonds in the secondary market other than on a very selective basis.

The background news was good. Two leading U.S. banks cut their prime rate by $\frac{1}{4}$ to 11 $\frac{1}{4}$ per cent. The dollar continued its spirited recovery, reaching its highest level against the yen since last July on Wednesday. The six-month interbank dollar rate fell to just below 13 per cent, despite a hiccup on Wednesday which pushed it to 11 $\frac{1}{2}$ for about 24 hours.

Many investors, not to mention bankers, cannot quite bring themselves to believe that U.S. interest rates have reached their peak. However, at the week's end, there was no indication that the market might be in for a bout of indigestion, despite the

large volume of new issues announced.

This probably owes something to a practice which is currently prevalent in the primary market.

New issues are announced when

fully underwritten and with

dual terms attached. This means

that they are in all likelihood

closely tailored to the requirements

of investors. Current

examples are the bonds for Sears

Roebeck, the increased issue for

PepsiCo, and the issues for Fun-

land and for Gould Inc.

By most accounts the two

issues for Canadian borrowers

were meeting with a good

reception and that for New

Brunswick Electric Power had

its coupon cut by $\frac{1}{4}$ per cent to

9 $\frac{1}{4}$ per cent.

Ciba-Geigy whose convertible

issue was announced on Friday

never arranged a dollar con-

vertible before and the quality

of the name alone should attract

strong demand. Each bond will

be initially convertible into two

bearer participation certificates

for reasonably priced interests.

The 7.25 per cent 1980 bonds

with warrants were trading at

99 $\frac{1}{4}$. Six weeks ago most

A \$125m float for BNP was announced and a \$30m FRN for Banco Uruguayo, a Spanish bank, through Societe Generale is expected soon.

new issues, irrespective of quality or terms, tended to open in the market less the full selling commission of 11 per cent. The 9 $\frac{1}{4}$ per cent offered

term borrowers: no one wants to miss out on a renewed surge in prices.

With the dollar sector an altogether happier place last week, the Swiss franc and D-Mark markets looked somewhat morose. In the Swiss franc sector prices were off about 1 point (they had risen by as much as 11 points the week before following the removal of the inward investment ban announced by the Swiss central bank) with trading back to normal levels. Hectic trading, which followed the measures, wore off after two days.

In the Deutsche-Mark sector trading was thin during all last week. The new issue calendar, which could amount to DM850m, was felt to be rather top-heavy by some bankers. Last week some straight bonds worth DM200m were announced, but higher yields than those offered recently should help to attract the market.

The French franc sector remained buoyant. The strong demand for the FFr. 200m issue for Norway due to be priced later today could lead Societe Generale to set a final price above par.

IRANIAN DEBT

Big assets behind a big risk

THE SITUATION in Iran is unprecedented in the history of bank lending to sovereign states, and it poses a new kind of dilemma for the international banks. Never before have they been in the position of considering whether a default should be called on a borrower which actually has more foreign assets than debts.

Past experience of country default (Peru, Turkey, Zaire, North Korea) involved borrowers which had very little money abroad. This meant that banks stood to gain nothing by calling a default because there were no foreign assets to take over in repayment.

Iran, in contrast, has large foreign assets, many of them relatively easily frozen or attachable through court action. At the last recorded date (end June, 1978) Iranian entities in both government and private sectors had \$6.5bn of deposits with non-U.S. commercial banks in major Western countries. Figures for deposits with U.S. banks are not published but are doubtless substantial.

At the last count in October, Iran's official foreign exchange reserves were over \$10bn, though they have doubled since then. Iran has all sorts of other assets abroad, such as loans to British public sector entities and shareholdings in foreign companies like Krupp.

All this is substantial in relation to its foreign debt (including short term and private sector debt) of \$10bn-\$12bn.

Thus for once the banks are ahead of the game. They are considering calling a default before the country concerned has run out of liquid resources with which debt might be repaid.

Major banks involved in lending to Iran emphasize that they are not at present considering action to try to freeze or attach these assets. This is despite the fact that they are certainly considering what the future of Iran might be as an Islamic republic or under a Left wing or Communist regime.

They note that although the

Koran/Islamic law forbids payment of interest it also calls for repayment of debts.

These bankers argue that the world has changed since the Tsard regime was transformed into the Soviet Union in 1817 or since communist regimes took over in Eastern Europe and China in the 1940s. Apart from Mexico and Brazil, Eastern European countries are now among the banks' biggest net debtors.

They feel that no modern state with pretensions to economic and social development could willingly renege on its debts or even call a moratorium.

The fact that some banks in lending syndicates have been reserving their positions on whether to call a default on the grounds of "adverse material change" in Iran does not mean they are on the verge of doing so.

It simply reflects the legal position that if they decide that the "material change" which has clearly occurred in Iran does not justify a call for default

now, then a court might subsequently dismiss this as grounds for calling a default later.

Indeed, if a majority of banks polled on the subject have already answered with a simple negative rather than reserving their positions, the ability to use the material change clause to call a default later may already have disappeared.

The worst case for the banks would be if the current anarchy and power vacuum in Iran were to continue for several months during which the country's foreign assets and domestic economy were to be run down to such an extent that Iran was no longer able to service its debts out of its remaining wealth or to have the prospect of doing so out of future earnings.

It would seem unlikely that a court would dispute the fact that adverse material change has occurred.

Once a default had been called on these grounds on one loan, cross default clauses would ensure that other

loans to the same borrower would fall into default too.

But bankers remain sceptical as to how successful they would be in attaching assets. One problem is the fact that Iranian deposits and wealth abroad are mainly owned by institutions which are different to those which have raised loans. For instance, bankers note that only a small proportion of Iran's foreign borrowing is in the name of the state or state-guaranteed whereas much of Iran's foreign wealth is state-owned.

Feasibility aside, the fact is that few banks would like to be known as the prime mover in getting a default called for fear of destroying their welcome in Iran if and when it were to be resuscitated as a major economic force. Indeed such is the nature of international banking that one of the main concerns of bankers at present is whether their competitors are earning more points than they are in showing loyalty through Iran's time of trouble.

THE FEDERAL Open Market Committee meets tomorrow to set the central bank's interest rate strategy for the month and its debate is likely to be even more interesting than usual.

In essence, the choice facing the Committee is between maintaining the current restrictive stance based on a Fed funds rate target of 10-10 $\frac{1}{2}$ per cent or giving official endorsement of the recent decline in short term interest rates which has brought increasing cheer to the bond market in the last couple of weeks.

The current rally, which started in earnest 12 days ago showed signs of faltering last Tuesday until Chase Manhattan Bank cut its prime rate from 11 $\frac{1}{2}$ to 11 per cent late in the day. In the next three sessions bond prices then went up to 100 up to 10 $\frac{1}{2}$ and yielding 8.80 per cent.

Active corporates fared just as well rising between 1 $\frac{1}{2}$ and 2 $\frac{1}{2}$ per cent.

Whether this rally can be sustained in the coming week is distinctly uncertain, and the final word may well be with the open market committee as communicated through the activities of the Fed's open market desk. Most observers believe that the Fed will stand pat on its current funds rate target at least for February, partly because relaxation may do the dollar no good and partly out of scepticism about the money supply figures which in the last 13 weeks have shown a 2 per cent annual rate of reduction in M1 and a mere 1.9 per cent rate of gain for M2.

FT INTERNATIONAL BOND SERVICE

		Change on					
		Issued	Bid	Offer	day	week	Yield
U.S. DOLLAR STRAIGHTS							
Age Akt. 9 $\frac{1}{2}$ 88	25	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	10.02	
Australia 8 $\frac{1}{2}$ 83	125	126 $\frac{1}{2}$	126 $\frac{1}{2}$	0	-0 $\frac{1}{2}$	9.71	
Australia 9 $\frac{1}{2}$ 93	75	100 $\frac{1}{2}$	100 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.92	
Banca Franc. 7 $\frac{1}{2}$ 83	125	125 $\frac{1}{2}$	125 $\frac{1}{2}$	0	-0 $\frac{1}{2}$	9.75	
Banca Franc. 8 $\frac{1}{2}$ 87	50	104 $\frac{1}{2}$	104 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.75	
CECA 9 $\frac{1}{2}$ 93	95	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.95	
CNT 3 $\frac{1}{2}$ 85	75	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.81	
Canada 9 $\frac{1}{2}$ 93	100	100 $\frac{1}{2}$	100 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.98	
Canada 9 $\frac{1}{2}$ 98	300	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.98	
Canada 9 $\frac{1}{2}$ 99	70	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.98	
Dominion Bridge 3 $\frac{1}{2}$ 85	225	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.92	
EBI 8 $\frac{1}{2}$ 85	125	125 $\frac{1}{2}$	125 $\frac{1}{2}$	0	-0 $\frac{1}{2}$	9.70	
Finland 9 $\frac{1}{2}$ 83	100	127 $\frac{1}{2}$	127 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.72	
Finland 9 $\frac{1}{2}$ 85	100	126 $\frac{1}{2}$	126 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.71	
Hospital O/S 9 $\frac{1}{2}$ 83	25	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.83	
Int'l Finance 9 $\frac{1}{2}$ 85	125	125 $\frac{1}{2}$	125 $\frac{1}{2}$	0	-0 $\frac{1}{2}$	9.75	
Int'l Payroll 9 $\frac{1}{2}$ 83	100	126 $\frac{1}{2}$	126 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.78	
NZ Dev. Fin. 8 $\frac{1}{2}$ 83	25	94 $\frac{1}{2}$	94 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.62	
NZ Dev. Fin. 8 $\frac{1}{2}$ 85	200	100 $\frac{1}{2}$	100 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.50	
Nord Inv. Stk. 8 $\frac{1}{2}$ 85	25	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.44	
Norges Komm. 9 $\frac{1}{2}$ 93	75	105 $\frac{1}{2}$	105 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.68	
Norsk Hydro 9 $\frac{1}{2}$ 93	250	100 $\frac{1}{2}$	100 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.70	
Norway 9 $\frac{1}{2}$ 83	150	127 $\frac{1}{2}$	127 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.64	
Norway 9 $\frac{1}{2}$ 84	150	100 $\frac{1}{2}$	100 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	10.35	
Occidental 9 $\frac{1}{2}$ 85	125	94 $\frac{1}{2}$	94 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.57	
Quebec Hydro 9 $\frac{1}{2}$ 83	125	95 $\frac{1}{2}$	95 $\frac{1}{2}$	0	+0 $\frac{1}{2}$	9.67	</

BUSINESSMAN'S DIARY**UK TRADE FAIRS AND EXHIBITIONS**

Date	Title	Venue
Current	Intel Spring Fair (01-499 7324) (until Feb. 8)	Expo Centre, Birmingham
Current	AMEME Coal Preparation Plant Exhibition (061-832 8541) (until Feb. 9)	Expo Centre, Harrogate
Feb. 6-8	London Catering Fair (0423 52785)	New Horticultural Hall
Feb. 7-8	CBMFE London Exhibition (01-697 5841)	West Centre Hotel, London
Feb. 9-10	Craft's Dog Show (01-493 6851)	Paris Court
Feb. 13-15	Catering Licensed Trade, Hotel and Club Exhb. (0202 21812)	Falcon Rooms
Feb. 18-22	International Men's and Boy's Wear Exhibition IMBEX (021-705 6707)	Olympia
Feb. 19-22	Photography at Work Exhibition (01-688 7788)	Wembley Conference Centre
Feb. 19-25	The Energy Show (0622 4871)	Expo Centre, Birmingham
Feb. 24-Mar. 4	National Custom Car Show 1979 (01-688 7181)	Alexandra Palace
Mar. 12-16	Labex Int'l. (Lab. Diagnostic and Medical Inst. Exhibition) (021-705 6707)	Expo Centre, Birmingham

OVERSEAS TRADE FAIRS AND EXHIBITIONS

Feb. 6-9	AIRMEC 79—The Aircraft Maintenance Men's Exhb. (St Albans 63213)	Zurich
Feb. 8-18	International Motor Show	Amsterdam
Feb. 10-15	International Toy Exhibition (01-439 3964)	Paris
Feb. 11-14	Canadian Hardware Show (021-435 9800)	Toronto
Feb. 13-18	Asia Aquatech 79—Inland Water Technology Exhb.	Singapore
Feb. 20-23	Architectural Profile Systems Exhb.	Basle

BUSINESS AND MANAGEMENT CONFERENCES

Current	University of Bradford Management Centre: Industrial Relations Negotiation (Bradford 42289) (until Feb. 9)	Heaton Mount, Bradford
Current	Cranfield School: Young Managers Course (0234 75123) (until Feb. 23)	Cranfield, Bedford
Feb. 5	Oystec: Advertising to Doctors and Dentists (01-242 2481)	Royal Lancaster Hotel, W2
Feb. 5	HFM: Unfair Dismissal—everything you wanted to know but were afraid to ask (01-687 2844)	Dragons Hotel, Bristol
Feb. 5-6	Charthouse Management: Finance for the Non-Financial Director (01-606 0121)	St Ermin's Hotel, SW1
Feb. 5-6	Institution of Mechanical Engineers: Engineer and Society (01-838 1211)	Odeon, Marble Arch, W1
Feb. 5-9	IPM: Selecting the Right Candidate (01-387 2844)	Whites Hotel, W2
Feb. 6	Abacus: Rent Reviews and Renewal of Leases (07783 4471)	Kensington Palace Hotel, W8
Feb. 6	Business Perspectives: China's Industrialisation—the role for Britain (01-588 3197)	Grosvenor House Hotel, W1
Feb. 6	BACIE: The Qualification Jungle (01-942 6641)	Park House, W4
Feb. 6	ASM: The Legal Implications of Engineering Contracts (01-387 1862)	Royal Automobile Club, SW1
Feb. 6-8	RRG: Managing the Risk (01-236 2175)	Mariott Hotel, Amsterdam
Feb. 6-7	The Henley Centre for Forecasting: Practical Training in Forecasting (01-251 3821)	Carlton Tower, W1
Feb. 6-8	ASM: Project Management (01-385 1892)	Piccadilly Hotel, W1
Feb. 8	U.S. Expatriate Taxation: Workshop (01-606 5531)	Piccadilly Hotel, W1
Feb. 8	Oyez-IBC: Fringe Benefits for Directors and Executives (01-342 2481)	Royal Lancaster Hotel, W2
Feb. 8	ILP: Licensing Products and Processes—Protection and Profits (01-588 1814)	St Ermin's Hotel, SW1
Feb. 8-9	Brunei Institute: Identifying Training Needs for Managers and Professionals (0895 58461)	Brunei University
Feb. 9	Oyez-IBC: The Fourth Channel—and the development of Commercial Television in the United Kingdom (01-242 2481)	Europa Hotel, W1
Feb. 12-23	CEI: International Financial Management Seminar (022 47133)	Hong Kong
Feb. 12-13	CRC: The Future of the Rural Community Conference (01-486 1951)	Cafe Royal, W1
Feb. 12-16	CBO: Reliability Engineering, Advanced Technology and Industrial Applications (010-138020)	Rotterdam
Feb. 13-14	IPM: Residential Advertising and Communications (01-387 2844)	Whites Hotel, W2
Feb. 13-17	The Clothing Institute: Careers in Clothing and Footwear (01-203 0181)	Hendon, NW4
Feb. 14	Management Conference: Personal Tax Savings for Directors (01-491 7812)	Hilton Hotel, W1
Feb. 14	ESC: Marriage and Non-Marriage (067-282 2711)	Hilton Hotel, W1
Feb. 14	BMEG: Markets for Building Materials and Components—Where should we be looking? (01-638 6820)	Cavendish Conference Centre
Feb. 14	LAMSAC: Computers and Privacy (01-522 2333)	Royal Festival Hall, SE1
Feb. 14	The Institution of Metallurgists: Fracture Mechanics (01-446 2251)	Northumberland Avenue, WC2
Feb. 14-15	FT Conference: Finance and Trade in the 1980s (01-236 4332)	Frankfurt am Main
Feb. 15-16	Abacus: Counterfeiting and Piracy—Do you really know if your goods are being forged? (07783 4471)	Kensington Palace Hotel, W8
Feb. 19-20	Institute for International Research: Internal Audit Conference (01-588 2663)	Royal Lancaster Hotel, W2
Feb. 19-20	Frank Jenkins: Planning PR Programmes (01-587 2911)	Connaught Rooms, WC2

Parliament

TODAY	COMMONS — Vaccine Damage Payments Bill; second reading.
	LORDS—Ancient Monuments and Archaeological Areas Bill; second reading. Price Commission (Amendment) Bill, second reading. Arbitration Bill, report stage.
	SELECT COMMITTEE—Expenditure, Education, Arts and Home Office sub-committee. Subject: Women and the penal system. Witness: Prof. T. C. N. Gibbons (Room 13, 4.15 pm).
	TOMORROW
	COMMONS—Debate on the disruption of the education service till 7 pm. Private Business.

SELECT COMMITTEES — Nationalised Industries, Sub-committee A. Subject: Report and accounts. Witnesses: British Waterways Board (Room 8, 4 pm). Joint Committee on Statutory Instruments (Room 4, 4.15 pm), followed by Select Committee on Statutory Instruments.

WEDNESDAY	COMMONS—Nurses, Midwives and Health Visitors Bill, remaining stages.
	SELECT COMMITTEES — Nationalised Industries, Sub-committee B. Subject: Report and Accounts. Witnesses: National Coal Board. (Room 8, 10.45 am). Science and Technology. Genetic engineering sub-committee. Witnesses: Officials of Department of Education and Science. (Room 15, 10.30 am). Expenditure, Environment, sub-committee. Docklands Action Group. (Room 15, 4.15 pm). Nationalised Industries, Sub-committee E. Subject: Ministers, Parliament and the nationalised industries. Witnesses: Sir Henry Marking, Sir Keith Greenville. (Room 8, 4 pm). Expenditure, Social services and employment sub-committee. Subject: Perinatal and Neonatal mortality. Witnesses: Royal College of Physicians, British Paediatric Association. (Room 6, 4.30 pm). Expenditure, Trade and industry sub-committee. Subject: UK Domestic air fares. Witnesses: Dan Air, Air Anglia. (Room 16, 10.15 am). European Legislation. Sub-committee 1. Subject: Milk Sector Report. Witness: Mr. Edward Bishop, Minister of State for Agriculture. (Room 6, 11 am).
	THURSDAY
	COMMONS—Crown Agents Bill, second reading.
	SELECT COMMITTEES — Nationalised Industries, Sub-committee D. Subject: Consumers and the nationalised industries. Witnesses: National Gas Consumers' Council, Electricity Consumers' Council, Domestic Coal Consumers' Council.
	FRIDAY
	COMMONS—Private Member's Bills.

All of these bonds having been sold, this announcement appears as a matter of record only.

**Privredna Banka Zagreb**

U.S. \$ 50,000,000

FLOATING RAT NOTES DUE 1986

CRÉDIT LYONNAIS

THE NIKKO SECURITIES CO., (EUROPE) LTD.

BANK GUILZWILLER, KURZ, BUNGEIER (OVERSEAS) LIMITED

CIBC LIMITED

CITICORP INTERNATIONAL GROUP

GIROZENTRALE UND BANK DER ÖSTERREICHISCHEN SPARKASSEN A.G.

NIPPON EUROPEAN BANK S.A.

NOMURA EUROPE N.V.

POSTIPANKKI

SKANDINAViska ENSKILDA BANKEN

SOCIÉTÉ GÉNÉRALE

UNION DE BANQUES ARABES ET FRANÇAISES - U.R.A.F.

Alahli Bank of Kuwait (K.S.C.)

Deutsch-Skandinavische Bank A.G.

Algemene Bank Nederland N.V.

Gulf Riyad Bank E.C.

Banca Nazionale Dell'Agricoltura

E.F. Hutton International N.V.

Banco di Roma

Kreditbank N.V.

Banque Bruxelles Lambert S.A.

Kreditbank S.A. Luxembourgeoise

Banque Commerciale pour l'Europe du Nord (Eurobank)

Kuwait International Investment Co. S.A.K.

Banque Française du Commerce Extérieur

Lloyds Bank International Limited

Banque de l'Indochine et de Suez

Manufacturers Hanover Limited

Banque Internationale à Luxembourg S.A.

Midland Bank Limited

Banque Rothschild

Mitsui Finance Europe Limited

Banque Worms

Privatbanken Aktieselskab

Bergen Bank

N.M. Rothschild & Sons Limited

Berliner Handels- und Frankfurter Bank

J. Henry Schroder Wag & Co. Limited

Copenhagen Handelsbank

Société Centrale de Banque

Crédit Agricole

Sumitomo Finance International

Crédit du Nord

Svenska Handelsbanken

Den Norske Creditbank

S.G. Warburg & Co. Ltd.

Yamaichi International (Nederland) N.V.

**English Property Corporation Limited**

Letters were posted by the Board on the 3rd February, 1979, to shareholders containing draft unaudited accounts for the year ended 31st October, 1978, and give the following details:

NET ASSETS

The draft balance sheets, which are contained in the letter, show

net assets amounting to £71m—equivalent to approximately 71p per share (before conversion)

and approximately 68p per share (after full conversion of the preference shares and convertible loan stocks). The net assets reflect independent valuations, full details of which are set out in the letter.

In support of the valuations, the development properties have also been valued at current open market value in their present condition. This shows that the present value of these development properties is some £7m in excess of the aggregate value on which they are incorporated in the statement of net assets, equivalent to 7p per share (before conversion).

REVENUE

The draft revenue statement for the year ended 31st October, 1978 shows net revenue before taxation of £9.3m. These results are arrived at after capitalising interest on developments in accordance with the company's normal accounting policy.

FT Monthly Survey of Business Opinion

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GENERAL OUTLOOK

Confidence has been knocked

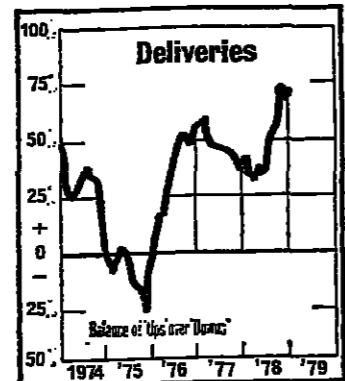
BUSINESS confidence has continued to ebb in the past month. Industrialists are still hopeful about their own companies' prospects, although very much less so than earlier. But optimism about the state of the economy is now at its lowest point for two years.

Many businessmen believe that the present spate of wage claims will force the Government to clamp down and that this, together with growing import competition, will lead to slower economic growth. Another unsettling factor is uncertainty about the election.

There was a tendency in all three sectors interviewed last month—electrical engineering, consumer durables and motor vehicles, and stores and consumer services—for firms to say that they were less able to plan for six months or more ahead.

The lorry drivers' strike, which began before the first interviews took place, was regarded as likely to be too short an event to have a lasting impact upon business activity, but there was some concern about the effect on overseas sales.

Exchange rate changes and increased competition were also cited as likely to slow export growth, although prospects generally were still thought to be good.



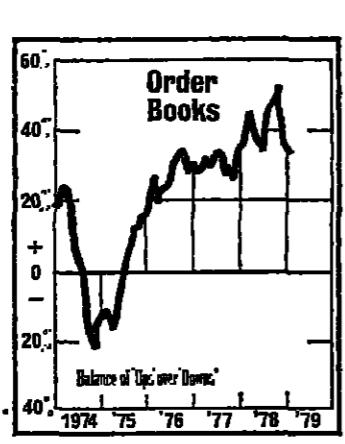
ORDERS AND OUTPUT

Demand is slower

ALL THE FIRMS interviewed last month in the electrical engineering and stores and consumer services sectors reported that their deliveries had been higher in the past four months than during the corresponding period of 1977-78.

In the stores sector in particular this reflected the continuing growth of consumer demand and a bumper Christmas trade. The lorry drivers' strike had affected only a small part of the four-month period to which the questions related.

On the other hand, the same two sectors were less inclined to report increased orders or, in the case of the stores, increased



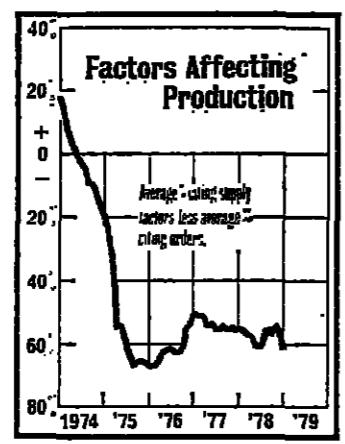
CAPACITY AND STOCKS

Signs of greater caution

ANOTHER indication of the difference of tone between the present pace of activity and future expectations can be seen in the answers to the questions on capacity working and stocks.

The index of firms saying they are working at or above planned output levels for this time of the year has again edged up, although this largely reflects the buoyancy of the electrical engineering sector whereas in the other two sectors there was a tendency for more firms to say they were working below target levels.

There was less inclination, on the other hand, to expect



stock levels to increase over the next 12 months. This applied to all three categories of stocks—materials, work-in-progress, and finished products. Again there was a difference between electrical engineering, which had become more bullish, and the two consumer goods sectors. Current output rates remain dominated by demand rather than supply factors, though complaints of labour recruitment difficulties including executive staff are widespread. The lorry drivers' strike was regarded as too temporary a phenomenon to merit recording in this context.

CAPACITY WORKING

	4 monthly moving total						January 1979		
	Oct.-Jan.	Sept.-Dec.	Aug.-Nov.	July-Oct.	Elect.	Motor	Engg.	Vehicles	Stores
	%	%	%	%	%	%	%	%	%
Above target capacity	8	14	12	16	7	9	—	—	—
Planned output	67	60	61	55	93	50	89	—	—
Below target capacity	22	24	25	28	—	41	6	—	—
No Answer	3	2	2	1	—	—	5	—	—

INVESTMENT AND LABOUR

Constraints on all sides

FORECASTS of labour requirements over the coming 12 months have again edged up. But there are constraints on both the demand and supply side.

In all three sectors interviewed last month there was a tendency for more firms to mention that manpower budgets were constrained both by the level of present or prospective demand for their products and by factors associated with the supply of labour.

Among the latter, the most prevalent were plans to raise productivity. This was widely cited in all three sectors last month, more so than in September when they were last



surveyed. The next was the difficulty in recruiting staff with suitable skills.

These two factors have been mentioned by about half the firms interviewed in all sectors during the past four months. Overall, supply constraints—including wage costs, and the potential cost of redundancy payments or other aspects of employment legislation—are regarded as more important than demand factors.

Investment plans, meanwhile, remain at a high level with almost half the firms interviewed in the last four months expecting to spend more in volume in the next 12 months.

COST AND PROFIT MARGINS

Inflation worries grow

THE INDEX of inflation expectations, which in the past has proved to be a good indicator of turning points, has been rising since last summer. The median forecast increase for total unit costs—for all sectors—has increased from less than 9 per cent to about 10½ per cent while the median forecast increase for output prices has risen from just over 9 per cent

to just over 10 per cent.

The index for wage costs has remained more steady, at around 11-12 per cent, although there was a fractional increase last month.

This could understate the situation, however, since several firms declined to answer questions on wage cost expectations and there were clear signs of a less rigid attitude to wage claims than in September.

Of those who responded, just under 10 per cent (unweighted) had already settled, about a third said they would reject claims for more than they had budgeted, a sixth would try to resist 20 per cent and the remaining 20 per cent implied they would pay what they had to to maintain production.

These surveys, which are four-monthly moving totals covering some 120 companies in 11 industrial sectors (mechanical engineering is surveyed every second month).

Complete tables can be purchased from Taylor Nelson and Associates.

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 1977 June Rolls-Royce Silver Shadow II Saloon. Caribbean Blue, Dark Blue leather. Speedometer reading 10,500 miles.
 1976 Aug. Rolls-Royce Silver Shadow Saloon. Silver Chalice, Dark Blue Everflex roof, Blue leather. Speedometer reading 24,500 miles. £26,450
 1976 Aug. Rolls-Royce Silver Shadow Saloon. Walnut, Beige leather. Speedometer reading 18,500 miles. £26,750
 1976 Aug. Rolls-Royce Silver Shadow Saloon. Willow Gold, Black Everflex roof, Black leather. Speedometer reading 20,000 miles. £26,750
 1975 Jan. Rolls-Royce Silver Shadow Saloon. Larch Green, Beige leather. Speedometer reading 35,500 miles. £22,250
 1971 Aug. Rolls-Royce Silver Shadow. Caribbean Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 62,000 miles. £14,250
 1971 Oct. Rolls-Royce Silver Shadow. Seychelles Blue, Black Everflex roof, Dark Blue leather. Speedometer reading 65,500 miles. £14,350
 1969 June Rolls-Royce Silver Shadow RHD/PW 2-door Saloon. White, Black Everflex roof, Black leather. Speedometer reading 81,500 miles. £14,750

GUILDFORD

Woodbridge Road, Guildford, Surrey. Tel. 892211. Tk. 892255.

1977 Nov. Rolls-Royce Silver Shadow II in Chestnut with Tan hide. Maintained only by us. 16,400 miles indicated. Price on application.
 1977 May Rolls-Royce Silver Shadow II in Silver Sand with Dark Brown hide. One owner. Supplied and serviced by us. 25,000 miles indicated. Price on application.
 1977 Feb. Rolls-Royce Silver Shadow LWB Saloon in Oxford Blue with Baroda Blue cloth interior. Tailored Blue cloth seat covers throughout. One owner. Supplied and serviced by us. 24,000 miles indicated. £29,950
 1974 June Rolls-Royce Silver Shadow 4-door Saloon in Shell Grey with Black Everflex roof and Light Blue hide interior. Speed Control. One owner. 17,500 miles indicated. £24,250

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1977 May Rolls-Royce Silver Shadow Series II finished in Honey with Beige hide upholstery, Brown Everflex roof, picnic tables. Speedometer reading 10,000 miles. All usual Rolls-Royce extras. Competitively priced.
 1977 Oct. Rolls-Royce Silver Shadow Series II Saloon finished in Champagne with Brown hide upholstery. Speedometer reading 4,000 miles. Competitively priced.
 1976 Nov. Rolls-Royce Silver Shadow Saloon finished in Dark Olive over Willow Gold with Beige hide upholstery. Speedometer reading 22,000 miles. £26,500
 1975 Mar. Rolls-Royce Silver Shadow Saloon finished in Moorland Green with Red hide upholstery. Speedometer reading 32,000 miles. £23,550
 1969 Bentley T Series Saloon finished in Shell Grey with Red hide upholstery. One owner from new. Speedometer reading 32,000 miles. Recently reconditioned. Full service history. A truly remarkable and magnificent motor car. £16,000

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1977 Nov. Aston Martin V8 Saloon finished in Milan Brown with Beige hide upholstery. Unique registration number. One owner. Speedometer reading 14,000 miles. £17,250

EXETER

Frog Street, Inner By Pass, Exeter. Tel. (0392) 75237.

1978 Mar. Jaguar XJS. Signal Red with Biscuit interior. One owner. Indicated mileage 6,500. £13,450
 1977 May Ferrari 308 GT4. Rosso Red with Beige interior. Air conditioning, radio. Indicated mileage 26,000. £13,500
 1976 Jan. Mercedes 350 SL. Yellow with Tan interior. Indicated mileage 31,000. £15,000
 1978 Feb. BMW 320 Amico. Topaz Metallic with Beige cloth interior. Radio/stereo. Indicated mileage under 4,000. £6,900
 1977 Oct. Ford Granada 2.8 GL Estate. Manual. Oyster Gold with Beige cloth interior. Brown seat covers. Sunroof, radio/cassette player, headlamp washers. Indicated mileage 17,000. £6,550
 1977 June Lancia Monte Carlo Convertible. Bronze Metallic with Tan interior. Indicated mileage 12,000. £5,250

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glass

ECLAT, silver/black, champagne

ECLAT, red/maroon, champagne

ECLAT, red/maroon, black/maroon

ELITE, black/maroon

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BRITISH FUNDS

Interest Due Stock Price £ Last £ Div % Red. Yield

"Shorts" (Lives up to Five Years)

95 9M Treasury 11-1-79 99.10 11.10 11.00 11.05

17M Treasury 3rd 79/80 95.00 11.80 9.75 10.25

26M Electric 4th 79/80 96.10 10.40 9.85 10.25

15M Treasury 6th 79/80 95.00 11.80 9.75 10.25

3M Treasury 9th 1980+ 96.00 25.00 9.95 12.00

14M Treasury 12th 1980+ 96.00 25.00 9.95 12.00

13M Treasury 15th 1980+ 96.00 25.00 9.95 12.00

15D Treasury 18th 1980+ 96.00 25.00 9.95 12.00

25M 25th October 1980+ 99.10 13.00 13.00 13.00

15F Treasury 1st 1981+ 98.00 11.50 10.50 10.50

15A Treasury 4th 1981+ 98.00 11.50 10.50 10.50

12D Exch. 8th 1981 97.00 11.50 10.50 10.50

21F Exch. 3rd 1981 97.00 11.50 10.50 10.50

21AExch. 3rd 1981 97.00 11.50 10.50 10.50

17M Treasury Variable 91.00 11.00 10.00 10.00

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18M Treasury 15th 1982 95.00 11.00 10.00 10.00

12D Exch. 10th 1983 96.00 11.00 10.00 10.00

15M Funding 5th 1983+ 98.00 11.00 9.00 10.00

Five to Fifteen Years

22M Exch. 12th 1985 94.00 11.00 10.00 10.00

15M Funding 5th 1985+ 95.00 11.00 10.00 10.00

15M Funding 5th 1985+ 95.00 11.00 10.00 10.00

26M Treasury 7th 1985+ 79.00 12.00 10.40 10.40

11M Transport 8th 1985+ 95.00 11.00 10.00 10.00

15M Treasury 11th 1985+ 95.00 11.00 10.00 10.00

15M Treasury 14th 1985+ 95.00 11.00 10.00 10.00

15M Treasury 17th 1985+ 95.00 11.00 10.00 10.00

15M Treasury 20th 1985+ 95.00 11.00 10.00 10.00

Over Fifteen Years

23M 23rd October 1985 94.00 11.00 10.00 10.00

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